

Ethical Decision Making: An Exploratory Study of British and Chinese Manager Behaviour

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I would like to dedicate this thesis to my parents.

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List of Acronyms

ACAS	Advisory, Conciliation and Arbitration Service
BAE Systems	British Aerospace Electronic Systems
CBBC	China Britain Business Council
CEO	Chief Executive Officer
CMD	Cognitive Moral Development
CSED	Centre for the Study of Ethical Development
CSR	Corporate Social Responsibility
DIT	Defining Issues Test
PR	Public Relations
ISCT	Integrative Social Contracts Theory
L&G	Legal and General
LDCs	Less Developed Countries
MNCs	Multi-National Corporations
NVivo	NUD*IST Vivo
PVS	Personal Value Survey
RBS	Royal Bank of Scotland
RSA	Royal Sun Alliance
SPSS	Statistical Package for Social Science
TUC	Trade Union Congress
UK	United Kingdom
US	United States

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Abstract

The growth of international businesses within the context of economic globalisation has created different operating environments that have exposed managers at both national and international levels to different business challenges as well as moral dilemmas. The moral dilemmas and subsequent decisions facing managers in Britain and China today are important considerations both in terms of research knowledge and management practices.

This thesis is based on a triangulated cross-cultural comparative study of managers working for British multi-national corporations (MNCs) in China and the United Kingdom (UK). The study includes a postal survey and semi-structured interviews with Chinese and British managers of British MNCs that represent various industries. Alternative to traditional approach, the study has investigated the reality experienced by the managers in their decision making when confronted by moral dilemmas. The managers' moral behaviour processes are compared. For China-based managers, the recent moral, economic, social and cultural changes in modern China have contributed to the creation of ethical challenges. The dilemma for them is whether to follow local practices or the corporate standards of their British companies. For managers who are based in Britain, the centre of the moral tension is caused by reconciling personal ethical standards when making decisions to prioritise business rationale. Similarities found between Chinese and British managers show that despite moral struggles and discomfort suffered by managers, the decisions they finally make are determined by a leaning towards their companies' continued benefit.

The evidence in this study suggests that managers' moral behaviour and final decisions are not often determined by what they personally think is morally right or wrong, but determined by their managerial responsibility, business pressure, commonly accepted practices, business culture and social environment, as well as changing economic environments. The components which play essential parts in constructing moral behaviour include managers' moral sensitivity, judgement, motivation and decisions. Business rationale and economic values of a decision are consistently shown to be the main reasons which can explain managers' decisions. This is the reality of managerial ethical decision-making interpreted and understood by the managers in China and the UK in this study.

Chapter One

Introduction

Introduction

This thesis is a study of managerial moral behaviour in decision-making when confronted with moral dilemmas within business environments in China and the UK. The words 'ethical' and 'moral' have been treated as synonymous in this thesis as these two words have been used interchangeably in applied ethics studies in the field of business and psychology (Rest and Narváez, 1994; MacLagan, 1998).

Discussing the relationship between 'ethics' and business dealings, in general, people often believe that there are no ethics in business; and 'business' and 'ethics' are separate things; the word 'oxymoron' has been used to describe the relationship between 'business' and 'ethics' (Werhane and Freeman, 1999; Duska, 2000). In Carr's (1968) article, 'Is Business Bluffing Ethical?', he states that business people often see business as a poker game with themselves as game players. Reactions towards 'business' and 'ethics' show us that moral behaviour is not something traditionally expected from business people. These perceptions might be formed from individual experiences or perhaps from exposure to corporate unethical business behaviours in the media, such as, Enron, WorldCom, etc. Yet, despite controversy surrounding 'business' and 'ethics', comparatively little attention has been paid to the question of how managers actually make decisions when confronted with moral dilemmas containing sensitive moral issues in the work place and how they actually arrive at a balance between 'business' and 'ethics'. Business ethicists, such as, MacLagan (1998), Fisher and Lovell (2003), Treviño and Brown (2004) and Goodpaster (2007), have stressed that it is not easy to judge whether an action is right or wrong in business reality and therefore this often creates moral dilemmas for managers.

According to economist Milton Friedman (1970), managers should make business decisions to maximise their companies' profits through productivity, return on investment, market shares and so on. The consequence for managers in occupying a Friedman type of managerial moral position has been discussed by academics

(Carroll, 1987; Goodpaster, 2007). As I will show in my literature review in chapter two, managers can face moral dilemmas which involve trying to achieve a balance between their personal moral values and organisational demands and goals. Particularly affected are those managers who have high personal moral standards who can be pressurised to compromise their personal moral standards by thinking primarily of their managerial responsibilities.

Recently, large multi-national corporations (MNCs) have introduced corporate social responsibility (CSR) standards, that is, many have adopted ethical codes of conduct (or at least the appearance of ethical standards) and have been involved in publicising their moral positions by focusing on corporate governance and social responsibility (Bondy, Matten and Moon, 2004; Levis, 2006); such movements appear to conflict with the ultimate goal of business in making profit as described by Friedman. This has engendered enormous academic debate (see, for example, Verstraeten, 1998; O'Higgins, 2003; Windsor, 2004; Ciulla, Martin and Solomon, 2007).

One might ask how managers make decisions in such contradictory situations, especially when the economic value of maximising their companies' interests competes with personal moral values and in some cases their corporate ethical standards. It is not hard to imagine that making right decisions can be incredibly complicated and difficult for managers facing moral dilemmas in business. Yet, although there is wide academic debate on corporate moral positions in such environments (see, for example, De George; 1999; Werhane and Freeman, 1999; Boatright, 2000; Cordeiro, 2003), research into the kind of moral issues and moral dilemmas faced by managers and their moral thoughts, emotions and behaviours when making decisions in business appears to be comparatively limited, especially within cross-cultural settings.

This emerging climate in business gives us a brief taste of how difficult it might be for managers to make decisions in business where the ethics of decisions is under increased public scrutiny. This research journey started from a focus of ethical concerns under the trend of globalisation, where globalisation is defined as a process of social, cultural, political and economic transformation taking place at both national and global levels (Lakshman, 2004). Today, almost everyone is affected to a certain

extent by different aspects of globalisation, one of these being the process taken by MNCs when operating in their chosen host countries (Velasquez, 2000; McPhail, 2001). MNCs are defined as the corporations widely operating in many countries through subsidiaries and who engage in many business activities (De George, 1999). In a world characterised by economic globalisation, MNCs have become powerful players (Donaldson, 2001; O'Higgins, 2003); and globalisation of business activities has been recognised as a way of gaining a competitive advantage by MNCs (O'Higgins, 2003; Reynolds, 2003).

If one seeks the motives of MNCs operating their businesses across national boundaries, then these include enhanced profits, reduced costs, market opportunities and so on (O'Higgins, 2003; Reynolds, 2003). In recent years, MNCs have come under media scrutiny for activities that are ethically questionable. Examples include the widespread reporting of unethical business behaviours of world-leading MNCs, such as, Nike, with its alleged sweat-shops in South East Asia; Nestlé, and its unsafe infant milk powder in Africa; Union Carbide's disaster in Bophal in India; Shell, and its Brent Spar case (De George, 2000; Klein, 2000; McPhail, 2001; Christie, Kwon, Stoeberl and Baumhart, 2003). Also included is the recent movement of local jobs from British MNCs' home countries to less developed countries (LDCs) (BBC News, 23rd July, 2004; 6th and 22nd September 2004; 8th November 2004, On-line).

Two major areas of academic debate on the challenges confronted by MNCs to behave ethically have emerged in the existing literature. Firstly, ethicists have analysed problems by looking into fundamental business realities, focusing on the relationship between business interests and ethics. Some viewpoints infer that businesses' unethical behaviours are caused by an imbalance between business interests and ethics (see, for example, Buller, Kohls and Anderson, 2000; Windsor, 2004). These authors suggest that, under the pressure of business competition and survival in both home and host countries' environments, the ethical challenge faced by managers who work for MNCs could be best described as how to make decisions when the need to maximise their companies' interests conflicts with their own personal moral values or their companies' ethical standards.

The second area of challenge regarding MNCs' moral behaviour has been debated by normative ethicists in the international business field who investigate ethical problems from a prescriptive perspective. They often refer to the ethical challenges that occur when international and expatriate managers operate businesses in their host countries, where there are variable ethical standards and cultural traditions, and different business cultures and practices (see, for example, De George, 1994; Donaldson, 1996; Donaldson and Dunfee, 1999; Crane and Matten, 2004). Drawing on these literatures, it would seem that the ethical challenge faced by these managers is to seek the 'right balance' in the application of different business practices, cultures and standards in the host country of operations. Resolving the ethical challenge regarding whether to follow the home or host country's standards, normative ethical theorists often focus on proposing that managers should adopt one of the following ethical viewpoints when making decisions in moral dilemmas: ethical relativism, absolutism or pluralism (Schlegelmilch, 1998; De George, 1999; Velasquez, 2000). There has been a lack of attention paid to the local managers who work for MNCs in host countries. However, they also face the same difficulties in deciding whether to follow local business practices or their companies' rules, just as their expatriate counterparts.

Overall, the current ethical climate in business and the pressure for business success could place managers, who work for MNCs, in situations with various moral dilemmas when making decisions in business. The two ethical challenges presented above indicate that managerial moral behaviour in MNCs needs to be investigated within a cross-cultural context.

This thesis therefore aims to answer the following:

1. How managers make decisions when facing business moral dilemmas in China and the UK, especially under increasing business pressure for success in the context of globalisation
2. What differences and similarities exist between Chinese and British managers' moral behaviour governing their decision-making
3. What are the factors which respondents associate most strongly regarding their moral behaviour in decision-making.

In similar positions, managers who work in MNCs' host and home countries could all be confronted with ethical challenges in making the difficult decisions as discussed above. They are all given the mission of achieving business success; they all carry the responsibility with their roles as managers in satisfying their companies and shareholders' interests; and they all have to manage under the pressure of business competition and survival. Managers who work in MNCs' host and home countries are naturally in different business environments with different cultures, practices and ethical standards. Do they face similar or different moral issues and dilemmas in the workplace? Do they behave similarly or differently when making decisions in moral dilemmas? This thesis will explore these issues in detail.

Empirical ethicists, such as Spain, Brewer, Brewer and Garner (2002), Christie et al. (2003), Srnka (2004) and Ergeneli (2005), who have studied cross-cultural comparisons, raised important research findings that individuals from different national and cultural backgrounds appear to behave differently when making decisions in the face of moral dilemmas. Moral behaviour differences between individuals from different cultures could indicate that managers from MNCs' host and home countries could behave differently when making decisions, even when they share the same corporate ethical standards and values. It is suggested that the differences in moral behaviour could be influenced by local ethical and cultural backgrounds (McCabe, Dukerich and Dutton, 1993; Priem and Shaffer, 2001; Christie et al., 2003).

Placing This Thesis in Context

It is perhaps worthwhile at this point to recognise the boundaries of this thesis. We must firstly recognise the complexity of cross-cultural managerial moral behaviour which surrounds the literature of business ethics, ethical decision-making and moral behaviour in a cross-cultural context. Much of the focus on international business ethics is from a normative and prescriptive ethical approach, focusing on presenting ethical problems (see, for example, Pitta, Fung and Isberg, 1999; McNeil, 2001; Ho, 2003), possible ethical solutions (De George, 1993; Apel, 2000; Donaldson, 2001; Reynolds, 2003), and on designing international ethical principles for guiding individuals (see, for example, De George, 1993; Donaldson and Dunfee, 1999). Much

of the academic work has emphasised the presentation of ethical theories and problems in the international market, but has overlooked how managers actually deal with ethical problems or make decisions. Neither has it investigated their moral behaviour which lies behind their decisions, or how their moral behaviour varies across nations and cultures.

As Hanson (1983, p.169) stressed, in his review of six early business ethics books:

“The field needs contributions by management authors and social scientists who thoroughly understand both the organisational context of decisions and the peculiar sets of pressures these create for the decision-maker. All who explore business ethics also need a sophisticated understanding of the process of decision-making...”

Hanson’s summary pinpointed the weakness in the early stages of development of business ethics as being too theoretical. Other researchers suggested the impracticality of traditional ethical theories for managers’ daily concerns in business reality and that managers are unlikely to apply traditional ethical philosophies to deal with real business ethical problems (Crane and Matten, 2007). Unlike philosophical ethics theories, practical research in business ethics should take a descriptive and interpretive approach with the aim of understanding what actually happens. It should also focus on an individual’s moral feelings and emotions, and to investigate what shapes an individual’s thoughts about what is right or wrong. Only in later published business ethics texts, such as, MacLagan (1998), Fisher and Lovell (2003), Crane and Matten (2004) and Goodpaster (2007), do we see emphasis being made on describing how individuals interpret and respond to ethical issues in business organisations.

A group of early researchers focused on the area of ethical decision-making models (see, for example, Ferrell and Gresham, 1985; Hunt and Vitell, 1986; Trevino, 1986; Bommer, Gratto, Gravander and Tuttle, 1987; Dubinsky and Loken, 1989; Jones, 1991). These ethical decision-making models provide guidelines for understanding decision-making processes and different factors that can affect an individual. The weakness of these models is that they do not take into account moral issues which individuals may encounter and do not give any suggestion as to how an individual’s

moral behaviour in decision-making can be researched. Therefore, these models do not provide sufficient information or insight to understand the inner processes, which produce individuals' moral behaviour, that give rise to their ethical decision-making. This thesis will debate this point.

Researchers have also taken a descriptive ethical approach. Scenarios and vignettes have been used in several studies for investigating whether an individual would decide to engage in unethical actions and the possible factors which could influence respondents to make ethical decisions (see, for example, Fritzsche, 1988; Thong and Yap, 1998; Robertson and Fadil, 1999; Au and Wong, 2000; Spicer, Dunfee and Bailey, 2004). Research raised the issue that an individual's ethical behaviour is different across cultures and nations (Fritzsche, Huo, Sugai, Tsai, Kim and Becker, 1995; Ergeneli, 2005), and that culture influences upon ethical decision-making and ethical behaviour (Robertson and Fadil, 1999; Spain et al., 2002; Srnka, 2004). These studies are result-based and focus on measuring the decisions, not the behavioural processes that lie behind them. Given the increased importance of understanding managerial moral behaviour in a cross-cultural context brought on by globalisation, it is unclear as to why little emphasis has been given to the exploration of how decisions are actually made by managers.

Academies therefore seem to have concentrated on a research approach, which simply focuses on respondents' decisions and not the procedure as to how or why decisions were arrived at. Studies have largely put to one side the moral behaviour behind individual's decision-making and the factors that influence these processes. Why is this? These predominant approaches therefore result in the situation where we cannot, so far, understand managers' moral thought processes, moral emotions, moral behaviours and pressures when making decisions in business-related moral dilemmas. Is it a case of dominance by one or two academic interest groups (ethics philosophers and/or business management scholars)? Is it because of the complication of researching into moral behaviour, especially with managers? Is it because of the sensitive nature of such research? This researcher argues that it is crucial to research a manager's moral behaviour because it is essential for both academics and practitioners to understand why and how certain ethical or unethical decisions are

arrived at by managers rather than by just focusing on what kind of decisions have been made.

In an attempt to address this area, the psychologist, James Rest (1983, 1986), provides a useful moral behaviour model, which focuses on the morality behind an individual's decision. The model does this by looking into individual's moral behaviour through four major components (awareness, judgement, motivation and action) as parts of a whole process. Most studies in this field refer to Hofstede's culture typology when researching the subjects from different countries (see, for example, Cohen, Pant and Sharp, 1996; Blodgett, Lu, Rose and Vitell, 2001; Vitell, Bakir, Paolillo, Hidalgo, Al-Khatib and Rawwas, 2003). Differences were found in the studies with subjects from different countries (Ma, 1988; Ford, LaTour, Vitell, and French, 1997; Tsui and Windsor, 2001). Rest's model will be looked at in more detail later in this thesis.

It is essential, at the very beginning of this thesis, to realise that the researcher does not speak in favour of any particular moral positions in the investigation of what happens in the business realities of China and the UK, nor to provide solutions to the problems raised. The researcher does not assume that the Chinese managers are less moral than British ones, or vice versa. Instead, this thesis is intended to provide thoughts and insights on managerial moral behaviour. It is the managers who took part in this study who will inform us about the actions they took and the thought processes they went through based on their judgements and values. It is also important to note that this research is bounded by particular geographic and time contexts. That is, this thesis explores the complex moral behaviour processes of managers who work for British MNCs in China and the UK during just one period of time. Different patterns of results could be discovered if data was gathered from different countries and at different times. The research methods and findings demonstrated in this thesis are statistically robustly supported. However, it would need other researchers to investigate similar areas by using similar methods to draw broader research findings. Nevertheless, even if further research is to follow, we must understand that this research was conducted through the development of cross-cultural managerial moral behaviour between China and the UK. To this end, it is critical to recognise that, while this thesis is aimed to make a contribution to the field of managerial moral

behaviour research in a cross-cultural context, it portrays a brief image within a broader picture.

Introduction to the Primary Research

This study investigates how managers who work for British MNCs in both China and the UK make decisions when they are confronted by moral dilemmas in the work place. It also explores differences and similarities between Chinese and British managers' moral behaviours. However, it is important to note at the outset that alongside the economic expansion between China and the UK, British companies have had to address important issues of ethical business behaviours in both the home country, Britain, and host country, China (Webley, 2001). To manage and apply a company's ethical initiatives could appear to be significant challenges within both home and overseas environments when companies are under the pressure of global competition.

Such environments create ideal research backgrounds to explore various ethical problems and dilemmas which confront managers, and how they make decisions in the face of moral dilemmas with particularly sensitive moral issues in business. Furthermore, how do managers strike a balance between business needs and their own moral values or corporate ethical standards? Additionally, there is a need to investigate managers' moral thoughts, emotions and behaviours, and to understand the complications and difficulties managers face when making difficult decisions. Finally, the research explores differences and similarities between the Chinese and British managers regarding these above questions.

Selection of Companies

The researcher is native Chinese, and has lived, studied and worked in both China and Britain. This naturally encouraged the researcher to be interested in Chinese and British ethical, cultural, social and economic backgrounds, as well as business operations between China and the UK in the context of globalisation. Apart from the concerns about language and cultural differences, the researcher has had opportunities

to make contact with British MNCs and interview respondents in both China and Britain.

The increasing trade between China and the UK has urged that more attention is paid to the ethics side of business operations between China and the UK. The increase in trade is due to China becoming one of the fastest-growing economies in the world. China has the competitive advantages of low-cost production labour with vast potential consumer markets, which has attracted many British companies to invest, according to the China Britain Business Council (CBBC). Hence, this makes China an ideal selection for my research environment with managers employed by British MNCs. However, there is concern on the part of British MNCs about certain underhand Chinese business practices. These are particularly relevant to business ethics in the Chinese market, where it is claimed that Chinese businesses have been hampered by corruption and various unacceptable business practices, such as, bribery and informal business networks, known as *guanxi*. The local business environment can cause serious ethical concerns for both local Chinese and British managers who operate there, especially in terms of managerial ethical standards and practices.

Another reason attention has been paid to British MNCs is because of the exposure of unethical business behaviours of world-leading MNCs, including British ones, such as, Shell's environmental challenge of Brent Spar (Klein, 2000; McPhail, 2001) and the very recent British Aerospace Electronic (BAE) Systems bribery scandal for winning contracts in foreign host countries exposed by the media. Typical ethical problems which occur in international business operations are bribery, corruption, use of child labour, exploitation, human rights abuses, environmental pollution, unhealthy working conditions and paying workers below living-standard wages (De George, 2000; Werhane, 2000). Business ethicists believe ethical wrong doings are caused by an imbalance between MNCs' behaviour of maximising companies' interests and their concern for the broader social good. As Friedman (1962) pointed out, managers who operate in international markets are expected to make profits for their companies because the nature of global competition is based on cheaper product-development and cost-cutting. It seems that there is an increasing chance of companies and individual managers in MNCs, to make decisions on the basis of profitability (Boatright, 2000). There were also complaints and fears from workers in MNCs' more

developed home countries, because they felt they were losing jobs to cheap labour and production in LDCs (Lewthwaite-Page, 1998; De George, 1999, 2000; BBC News, 23rd July, 2004, On-line).

Most leading British companies have put significant effort and investment into business ethics, which include a thorough preparation of documents on the subject and managing of CSR in their home country (Brammer, Millington and Pavelin, 2006; Smith and Ward, 2007). But, under pressure from the global competitive market place, manufacturers in the UK have moved their factories to LDCs where the labour costs are much cheaper. However, this has left many home workers jobless (Lewthwaite-Page, 1998). The first few years of the new millennium saw significant movement of jobs from the UK to overseas locations, often categorised as out-sourcing and off-shoring (Lewthwaite-Page, 1998; BBC News, 23rd July, 2004; 6th and 22nd September 2004; 8th November 2004, On-line). A typical example of this was reported in 2004, where the UK's biggest insurer, Norwich Union planned a 25% workforce reduction in the UK resulting in a £250 million annual saving. Norwich Union claimed this was the direct result of its position in the global competitive market (BBC News, 6th and 22nd September 2004, On-line). The corporate moral position seems very controversial in such an environment, and it appears that economic rationality lay at the heart of Norwich Union's decision.

Under increasing business pressures for success and survival, particularly during the current credit crunch, as well as aggressive business competition within the context of globalisation, there is controversy at both domestic and international levels concerning the relationship between corporate wealth creation and CSR (Lewthwaite-Page, 1998; De George, 2000; McPhail, 2001; Ho, 2003). How easy is it for managers who work for British MNCs in China and the UK to make decisions under such a contradictory ethical climate? Managers could face numerous ethical challenges occurring in the application of different business practices, cultures and standards. Moral dilemmas might also be faced by managers trying to find the right balance when deciding what to do in such an environment. Do Chinese managers behave differently from their British counterparts when making decisions involving moral issues?

De George (1994) pointed out, over a decade ago, that international business ethics literature has broadly focused on American MNCs and that there has been much less written about corporate and managerial ethics at international levels compared to national ones. He stressed that how individual managers make their decisions in MNCs is rarely mentioned in the literature, especially those who have to make decisions where there are different ethical standards and cultures. Over a decade later, there is still a lack of interpretive study being undertaken in this field. Scholars have either focused on developing ethical decision-making models or have studied ethical decisions without understanding the underlying processes behind them.

British MNCs and the managers who work for them in China and the UK could present a potentially rich source of information as to how they actually make decisions when confronted with moral dilemmas containing sensitive moral issues. Managers' exposure to moral dilemmas will be utilised to analyse ethical decision-making in action. The researcher aims to explore the inner processes which produce managers' moral behaviours when making decisions. This approach will lead to a better understanding of the moral thought, emotion, judgment and motivation, underpinning each decision for solving a moral dilemma. Furthermore, managers are given the chance to express the difficulties, pressures and frustrations they have in making decisions with ethical concerns. Finally, managerial ethics at an international level can also be compared to those at a national level between China and the UK.

The Questionnaire

The first component of the research instrument is a questionnaire to a sample of managers who work for British MNCs in China and the UK. It was thought necessary to mask the central theme of the research by giving the title of the questionnaire as 'workplace decision-making', which deliberately avoided the sensitivity of business ethics and managerial moral behaviour in decision-making.

Given that this thesis is aiming to investigate how managers make decisions when they face moral dilemmas in the workplace in China and the UK, it was necessary to examine how both Chinese and British managers responded to a range of moral issues in business, and the differences between their responses. Several business issues with

ethical concerns were presented to the respondents in the format of short stories with ten business scenarios, without mentioning to the respondents what kind of issues they were (e.g. international bribery) and whether these issues were considered ethical or unethical.

It was thought vital that respondents did not feel that they were simply contributing to research on ethical decision-making, and that therefore, they would feel pressurised to come across as being 'good'. It was critical that respondents felt that they were making normal business decisions without bias from behaving morally, not just in order to impress the researcher with their apparent 'goodness'. The other reason was to find out respondents' degrees of sensitivity to different issues with ethical concerns.

The research was designed to not only understand what kinds of decisions managers made when confronted with different business moral dilemmas, but also to investigate how managers arrived at their decisions and how they interacted with:

- a) Respondents' judgements on why they think their action is right
- b) Their priority considerations when they were making their decisions
- c) Their moral development stage which affects their judgements on what is right or wrong
- d) Their personal value priorities which could motivate them to make their decisions.

Therefore, managers' moral development and personal value priorities were investigated in a social context by using existing research instruments - the Defining Issues Test (DIT) and the Personal Value Survey (PVS), which will be described later.

The research also aimed to explore possible influential factors as to how and why Chinese and British managers would behave differently and/or similarly when making their decisions in the business scenarios presented in the questionnaires.

Interviews with Managers in China and Britain

The second component of the research involved in-depth, semi-structured interviews with managers who make business decisions. These managers had already taken part in the questionnaire survey and agreed to participate in the interview. The purpose of this element of the research was to discover what happens in real business environments, what kinds of moral issues and dilemmas managers face in the workplace in China and the UK, and how the managers solve the moral dilemmas with which they are confronted. Furthermore, by comparing Chinese and British managers, it would then be possible to explore whether similarities or differences exist between them.

Summary of the Research Instruments Used

By comparing how Chinese and British managers make moral decisions with a range of business scenarios in addition to the way they solve moral dilemmas faced in the workplace, it is possible to construct a picture of managerial moral behaviour in British MNCs. This triangulated approach is believed to be strong enough to meet the demands of validity and reliability criteria for research of this type. Equally important is that this method enables us to understand what it is like for managers to make difficult decisions that involve ethical concerns in the particular business environments of China and the UK under the influence of globalisation. As a result of this approach, it might help us to understand how decisions are arrived at from a moral dilemma and why they were achieved in the way which they were.

Synopsis of the Thesis Structure

Chapters two to four of this thesis deals with the conceptualisation of the subjects involved. Chapter two critically explores the existing literature on international business ethics with special focus on the two ethical challenges pointed out by scholars in this field. Firstly, the differences in business ethical standards and practices between MNCs' host and home countries, secondly, the issue of striking a balance between maximising economic interests and other interests. Managers may face moral dilemmas where they have to compromise their personal moral standards to satisfy their companies' needs. I have attempted to remain focused on these two ethical challenges as key factors in trying to understand the difficulties managers face in making decisions in the workplace.

The potential ethical challenges and dilemmas managers face when working for British MNCs in China and the UK are discussed in chapter two. In order to understand cross-cultural managerial ethical behaviour, it follows that a critical evaluation needs to be undertaken of the appropriate literature surrounding comparative cross-cultural studies regarding ethical behaviour and decision-making. chapter three, therefore, places managerial ethical behaviour within a cross-national and cultural context to discover if there are research findings of ethical behavioural differences between individuals from different countries and cultures. Can such findings help to explain why managers' ethical behaviours are different or similar across countries? One of the major problems in attempting to discover the answer to this question is the nature of comparative cross-cultural studies on ethical behaviour and decision-making. Within these studies, there are two different approaches. The first approach is researched by analysing the relationship between an individual's ethical decision and Hofstede's cultural differences. There has been a lack of academic focus both on the inner moral behavioural processes that produces an individual's final decisions and regarding a country's ethical and cultural backgrounds. In the second approach, researchers have used single research instruments to test the ethical behaviour of individuals from different nations. Again, the focus has only concerned an individual's decisions and comparing these between countries to see if any differences existed. The researchers did not explore any particular factor, but claimed that ethical behavioural differences exist simply because

respondents are from different countries. These studies only partly explain why managers' ethical behaviours can differ across countries. Therefore, I have attempted to also investigate whether Chinese and British ethical and cultural backgrounds influence managers' moral behaviours, and to explain why they behave in the way they do.

Chapter four explores the literature on psychological moral behaviour in order to understand the inner processes that produce an individual's moral behaviour. This chapter draws heavily on existing research along with literature on cognitive moral development (CMD), personal value priorities and ethical decision-making. The purpose of this chapter is, therefore, to understand how individuals make moral decisions by recognising their awareness about whether an action has an ethical concern, how they judge whether an action is right or wrong and which ethical standards they use, and which value is given foremost priority when making final decisions. By exploring the links between chapters two, three and four, it may be possible to explore a number of central questions that this thesis aims to answer. Firstly, within the competitive business environment and with increasing attention to moral behaviour, how do managers make their decisions when facing moral dilemmas in the workplace in China and the UK? Secondly, when making decisions in moral dilemmas in real business situations, what kind of ethical standards would managers use to reason what is right or wrong? Which one would managers finally follow? Would managers give priority to their companies' economic interests when making final decisions? Thirdly, are there any differences or similarities existing between Chinese and British managers' moral behaviour underpinning their decisions? Do Chinese and British ethical and cultural backgrounds influence their moral behaviours in terms of their awareness of certain moral issues, their moral judgement and personal value systems? These questions are the central core of this thesis.

Chapter five presents the research methodology. This includes research strategy, design and methods. The research instruments adopted in this research are also explained. This chapter also illustrates the data gathering processes including sampling, gaining access, questionnaire distribution and conducting interviews with managers in China and the UK. The data is based on 53 completed questionnaires from Chinese managers who work for British MNCs and 47 from their British

counterparts, 17 semi-structured interviews took place with managers who work for British MNCs in China and 24 interviews were conducted with managers in the UK. Only the author was involved in the process of data collection, transcription and analysis, although I received advice on suitable statistical analysis and techniques that met the broad aims and objectives of this thesis.

Chapter six through to chapter nine inclusive introduces the reader to the results of this thesis. Chapter six presents the results from the part of the questionnaire by using two existing research instruments, James Rest's DIT (Appendix 4) and Schwarz's PVS (Appendix 4). Here I investigate managers' personal moral development stages and personal value priorities, along with any differences and similarities found between the Chinese and British managers. This chapter also examines how Chinese and British managers' personal moral development and value priorities can be linked to their moral behaviour when making decisions in the hypothetical business situations of the ten business scenarios from chapter seven.

Chapter seven explores the results from the part of the questionnaire which employs ten business scenarios with a range of moral issues. This chapter investigates differences and similarities between Chinese and British managers' decisions to each business scenario. Furthermore, by adding two open-ended questions in each scenario, the managers' moral judgement and motivation underpinning their decisions are also explored.

Chapter eight presents and analyses the data from the transcripts of interviews with managers based in China. The data is from two groups: local Chinese managers and British expatriate managers. The focus is to explore the moral issues which the managers are sensitive to and the moral dilemmas which they confront in the workplace. Furthermore, how do these managers solve their moral dilemmas, and what are their moral emotions, thoughts and behaviours when trying to figure out what to do. Data is presented as themes that emerged naturally during the interview process, for example, under headings, such as, implementing laws, rules and regulations in China, and human relationship building. Despite the sensitive nature of this research, the China-based managers were very open in expressing their views on moral issues they observed and were sensitive to. They openly discussed with the

researcher the moral dilemmas they had personally confronted. Some of these involved highly sensitive moral issues in China.

Chapter nine presents the accounts from the semi-structured interviews with managers based in the UK. The managers in Britain provide a different picture of what happens in their business environments. The moral issues and dilemmas managers are confronted with are different from those of the managers in China. Despite the British business environment having a much higher reputation in practising higher ethical standards than those of the Chinese, managers still experience difficulties in resolving moral dilemmas.

Chapter ten presents a critical overall discussion of the empirical evidence and draws conclusions on the relationships between the known literature and the findings from the survey and interviews. The chapter also reflects upon other challenges for researchers, companies and managers as the result of the lessons learned in the production of this thesis. Once again, the aims of this thesis are:

1. How managers make decisions when facing business moral dilemmas in China and the UK, especially under increasing business pressure for success in the context of globalisation
2. What differences and similarities exist between Chinese and British managers' moral behaviour governing their decision-making
3. What are the factors which respondents associate most strongly regarding their moral behaviour in decision-making.

In addressing these questions directly, this thesis intends to make a constructive contribution to existing knowledge on cross-cultural managerial moral behaviour and decision-making.

Chapter Summary

This opening chapter has provided an overview of this thesis and a generalised preface to the subject of cross-cultural managerial moral behaviour in decision-making. The central questions have been outlined and a rationale for them has been explained. We now move on to chapter two which critically explores economic reality and ethical challenges facing managers in general.

Chapter Two

Ethical Challenges in a Globalised Business World

Introduction and Chapter Overview

This chapter will contextualise the ethical challenges of managerial ethical decision-making across nations and cultures with a critical evaluation of relevant literature in business ethics. This is introduced to lead to an understanding of the thoughts and logic behind the decision-makers employed by MNCs.

The possible ethical challenges faced by managers in a cross-cultural/national context can be reflected upon from early business ethics literature regarding MNCs' ethical challenges in international business (see, for example, Donaldson, 1989; De George, 1994) and more recent academic work (Barker and Cobb, 2000; Fisher and Lovell, 2003; Levis, 2006). Attention towards international business ethics is very largely the result of the exposure of unethical behaviour by MNCs mainly in the 1980's. Some examples include, Union Carbide's disaster in Bhopal, India, Nike and Gap who were criticised for contracting with 'sweatshops' in Asian countries, Shell's environmental challenge of Brent Spar and Nestlé's infant milk powder disaster in African countries (see, Boatright, 2000; De George, 2000; Klein, 2000; McPhail, 2001, for example). The focus of academic debate has been concentrated on MNCs' impact upon LDCs, not only because of the ethical and cultural differences, but also how MNCs have taken advantage of lower ethical standards, legislations, regulations and labour costs (Santoro, 2001; Fisher and Lovell, 2003). The increasing trading in global markets and the diversity between each country's ethical standards and way of operating business as well as MNCs' powerful market imperialism raise ethical problems and challenges to individual managers. These are the themes of this chapter as the Chinese and British managers who work at different levels within British MNCs have to deal with such ethical problems and challenges and make decisions within different ethical and cultural backgrounds.

Researchers seek to understand the reasons why these unethical business activities at MNCs occur. One particular ethical challenge was mentioned as the application of different business practices, cultures and standards in a host country (Boatright, 2000; Velasquez, 2000; Carroll, 2004). For example, bribery might be seen as immoral at an official level in China and Britain, however, bribery might be conducted in Chinese business dealings on a wider, less transparent and unavoidable level than business operations in Britain (Fisher and Lovell, 2003). In order to contextualise the potential ethical dilemmas that managers could face in such environments, this chapter focuses on the ethical challenges faced by managers in MNCs as evidenced from international business ethics literature. Aside from traditional academic literature examining ethical challenges facing MNCs, a group of business management scholars (see, for example, Solomon, 2000; Werhane, 2000; Treviño and Brown, 2004; Miller, Yeager, Hildreth and Rabin, 2005) have also sought to understand and perceive this subject. They argue that ethical challenges can be more substantial for managers due to the pressure of global competition. Such ethical challenges could include how managers balance their companies' interests with personal ethics when making business decisions (Cavanagh, 2000). This chapter therefore reviews business management literature on corporate and managerial moral positions and ethical challenges when making business decisions in this globalised business world.

Ethical Challenges in International Business: Whose Ethics?

Ethical challenges in international business have been investigated by philosophers from a normative perspective. Well-known authors who have written extensively in this field have given examples to illustrate the ethical challenges faced by MNCs when operating with different ethical norms and standards, cultures, legal systems and stakeholders (see, for example, De George, 1994; Donaldson, 1996; Boatright, 2000; Velasquez, 2000; Carroll, 2004). Management literature has shown the difficulty faced by MNCs when implementing their own ethical codes in a host country in a cross-cultural context (see, for example, Barker and Cobb, 2000; Watson and Weaver, 2003; Helin and Sandström, 2008; Krueger, 2008). The emerging ethical challenge concluded by these scholars concentrates on whether MNCs should follow ethical standards implemented at home or simply follow the principle of 'when in Rome, do as the Romans do'. In the following, I will be drawing upon some work of Donaldson

and De George in making my arguments since they have been dominant commentators in this field.

The main trend of academic debate has been focused on ethical decision-making in countries where ethical standards are generally regarded as lower than those of their own country. Authors, such as, Donaldson (1996) and Velasquez (2000) have asked questions as to how companies and their managers react if the host country has a poor reputation on human rights, equal opportunities, corruption or environmental pollution. Other ethical issues discussed by academics involve bribery and child labour in certain Asian and African countries, and employment of women in Middle Eastern countries (De George, 1999; Asgary and Mitschow, 2002). These ethical issues often create moral dilemmas for managers in real business decision-making and are also used as ethical case studies in business ethics textbooks.

A 'grey zone' was stated by Donaldson and Dunfee (1999) to describe an area where it is hard for managers to judge what is right or wrong, even if managers are provided with clear corporate guidelines, as some of the ethical issues can be judged as right in one culture but wrong in another. The challenge for MNCs operating in such situations could be more complicated than just choosing one country or the other's ethical standards, according to Donaldson (1996). He argued that even if companies wanted to follow their own standards, there is a chance that what works in the MNCs' home country might not work in the host country. Hence, it seems important to understand how managers make their decisions in such situations.

Most literature regarding ethical behaviours in a cross-cultural context tends to discuss relativism and absolutism mainly from a normative and prescriptive perspective to tell individuals and corporations how to act (see, for example, Donaldson, 1996; De George, 1999). The following section explains the pros and cons of these ethical theories for constructing the challenges which managers could face when making decisions in business.

Relativism

Ethical relativism has been referred to in many traditional international business ethics literatures (see, for example, Donaldson, 1996; De George, 1999; Velasquez 2000). These authors all have similar explanations as to what ethical relativism is, but have different viewpoints on whether they agree with a relativist's view. They explain that ethical relativists believe that one culture's ethical beliefs and values are no better than any others. Therefore, there are no universal standards for judging whether an individual's action is moral or immoral, but individuals should be judged by their own country's moral standards because they should all be considered equally valid. Ethicists, such as, Schlegelmilch (1998), support relativism in that what is right or wrong may vary according to each individual because of upbringing, culture and religious background; therefore, what is perceived as ethical by one person might be perceived as unethical by someone else from another country or even the same country. Because of these differences between host and home countries, difficulties have been experienced by practitioners and academics in developing global business standards (Asgary and Mitschow, 2002). For example, Western managers might find their equal opportunities policies on employing gay and female workers are not acceptable in some Islamic countries.

Relativists argue that business should follow the ethical norms of the country in which they are operating; this questions the practicality of MNCs trying to use their corporate standards in different countries. Schlegelmilch (1998) and Velasquez (2000) argued that the majority of the codes of conduct of business ethics and international guidelines and regulations are set by Western developed countries. This raises the question as to whether business people from other parts of the world would agree with these ethical standards and guidelines instigated by Westerners. Schlegelmilch indicated that potential difficulties and frustrations might be confronted by local managers when adopting their MNCs' corporate standards in a host country where business culture, practices and standards are very different from those of the MNCs' home country. Would British MNCs' policies on the expenditure of gifts to clients be practical in a Chinese business environment where good human relationships are built on reciprocity of costly gifts and favours?

Writers, such as, Beauchamp and Bowie (2003), have additionally posed the question that even if there are universal ethical principles, how practical is it to implement them in a host country, where local managers are brought up with different values and have different ethical behaviours when making business decisions? They stressed that all countries have different business practices, economic development and socio-cultural backgrounds which influence individuals' ethical behaviour. Although MNCs have formal ethical standards, the local managers are likely to have different ethical behaviours under the influence of their local ethical and cultural backgrounds, as well as local business practice.

Beauchamp and Bowie's argument is supported by empirical findings from the research field of cross-cultural ethical behaviour which suggests that individuals from different countries or cultures have different ethical awareness, judgement, attitudes and behaviours (see, Sims and Gegez, 2004; Ergeneli, 2005, for example). A study by Tripathi in 1990, shows that local employees suffer psychologically because of value conflicts between their own values and those of their foreign employer (cited in, Fisher and Lovell, 2003). Both Schlegelmilch's (1998) and Beauchamp and Bowie's (2003) arguments appear to be in favour of ethical relativism. Indeed, Bowie's work with Duska (1990), and many other authors in business ethics, such as, Kohls and Buller (1994), Davies, Johnson and Ohmer (1998), suggest that Western MNCs should consider the ethical standards and values of other countries.

Certain academics have illustrated the disadvantages of relativism because of moral consequences. These scholars focused on corporate and managerial moral positions and corporate reputation when following host countries' poor ethical standards (see, for example, Donaldson and Dunfee, 1999; Velasquez, 2000; Ferrell, Fraedrich and Ferrell, 2002). They suggest that expatriate managers might find that host countries' ethical standards conflict with their individual and corporate ethical standards and values. Empirical studies show that international managers have been confronted by cross-cultural ethical dilemmas (McNeil and Pedigo, 2001; Pedigo and Marshall, 2004). Ethical concerns, such as, industrial waste dumping, poor health and safety regulations, wages and working conditions, as well as issues of bribery are reasons not to adopt relativism as argued by Donaldson (1996) and Velasquez (2000). Donaldson used the term 'morally blind' to describe relativism.

Absolutism

In direct opposition to relativism, absolutists argue that companies should behave in the same way abroad as at home by using universal ethical standards (see, De George, 1993; Donaldson, 1996; Velasquez, 2000). However, ethical absolutism appears to be insufficient in terms of being a suitable response to cross-cultural ethical dilemmas. An advantage of following the ethical absolutists' view is that managers could maintain their own moral standards when making decisions in a host country. Expatriate and international managers might feel frustrated when following local business practices in a host country, and absolutism eradicates this.

Schlegelmilch (1998) defends ethical relativism by questioning the practicality of absolutism for local managers and expatriates in a host country. Ethical absolutism is also called ethical colonialism (Fisher and Lovell, 2003). Donaldson (1996) also conceded that there were challenges applying ethical absolutism. Expatriate and international managers from Western MNCs might find it difficult to implement Western values and ethical standards in certain countries, and this applies especially between Western and Eastern countries/cultures (Velasquez, 2000). How easy is it for expatriate and international managers to follow an ethical absolutists' view when applying their corporate ethical standards in the host country? In business reality, expatriate managers are found to behave similarly to local managers when applying local norms (Bailey and Spicer, 2007). Scholars, such as, Donaldson and Dunfee (1999), suggested an array of consequences when taking an absolutist view and emphasised that managers would face ethical conflicts if they insisted upon practising their home country's ethical standards whilst abroad. MNCs which try to completely implement their home countries' ethical standards would also encounter difficulties.

Donaldson (1996) asked questions, such as, what would transpire when a US (United States) company introduced a sexual harassment code of practice in its host country? For example, in Saudi Arabia, which has a culture with strict conventions governing relationships between men and women. Donaldson argued the difficulties of imposing one's own ethical standards, values and traditions onto someone from a completely different background. He also noted that the differences between the MNC's home

economic development and that of the host country's can create problems in following the absolutists' view. As an example, workers in LDCs (for example, Chinese peasant workers) are comparatively poor and thus willing to work extremely long hours in factories which produce export goods in order to earn money to support their families. This practice might be seen as unacceptable in developed countries. Empirical study shows that MNCs failed to implement their codes of conduct in host countries (Egels-Zandén, 2007; Helin and Sandström, 2008). Therefore, managers might find difficulties in decision-making when following the absolutists' perspectives in their host countries.

So the question remains, should MNCs adhere to their corporate standards or follow local business practices? Following local business practices might be easier for local managers regarding ethical and cultural differences, but how easy is it for expatriate managers to adapt themselves into such situations? Moreover, how easy is it for both expatriate and local managers not to follow ethical relativism in the host country given business reality, and especially under pressure for success? Would managers choose to be 'morally blind' in real business situations? Can managers compromise their personal or corporate ethical standards when following local practices in the host country?

The above illustrates the complications which have been brought to both local and expatriate/international managers when deciding which standards they should follow when making ethical decisions. Can ethical business decision-making with good corporate standards reach across countries and cultures and be practically accepted in the local business environment? Making ethical decisions in such an environment is not as straightforward as looking for guidelines from ethical theories and books. Deciding which ethical standards to follow when making decisions for both local and expatriate managers can be extremely difficult in business reality. The answer may not lie in either of these two extreme ethical viewpoints.

Writing in 1996, Donaldson suggested that MNCs should take both relativism and absolutism into consideration because there are differences between each country's operating conditions and cultural values. He stated that,

“Companies must help managers distinguish between practices that are merely different and those that are wrong. Neither extreme [i.e. relativism or absolutism] illuminates the real world of business decision-making. The answer lies somewhere in between.” (Donaldson, 1996, p.52).

The combination of absolutism and relativism naturally leads us to an approach utilising pluralism which can be a useful application to managerial decision-making when facing ethical issues in international business. Pluralism is detailed below.

Pluralism

Donaldson (1996) highlights the importance of understanding the difficulty for managers to judge whether some business practices are right or wrong, along with judgements being simply black or white in real business decisions. Donaldson perceived the reality of business decision-making as a ‘grey area’, and described ‘the place’ as where such business practices occur when managers can not always get good answers on what to do from ethical guidelines in the face of real business ethical dilemmas. For Donaldson, managers might have to work out how to solve ethical dilemmas all by themselves even when their companies have clear ethical guidelines on what they can or cannot do. However, if right or wrong cannot easily be judged in a situation where there is lack of clarity, then how straightforward would it be for managers to make their own judgments and decisions?

Donaldson's work with Dunfee resulted in the Integrative Social Contracts Theory (ISCT), designed to assist managers make decisions when facing ambiguity caused by ethical differences between countries. Their theory is defined as ‘pluralism’. They argued that although the fundamental ethical principles for humanity are shared between different countries and cultures, there are still moral norms created which are accepted in local communities, and these local moral norms are allowed to be practiced in ‘moral free space’. ‘Moral free space’ is the term used by Donaldson and

Dunfee to describe some business practices which are considered unethical in one setting and ethical in another. For example, giving expensive gifts to business clients seems ethical in Eastern Asian countries, such as, China and Japan, but is unethical for the majority of Western European countries. The theory teaches managers to be respectful to moral free space and ethical and cultural differences, but to have limits on what can be accepted - on the condition that the local practices must not violate the core human values (Donaldson and Dunfee, 1999).

Donaldson and Dunfee's (1999) pluralistic approach was designed to overcome the disadvantage of taking either relativism's or absolutism's ethical guidance. When managers have to make decisions over business activities which are unacceptable by one's own standards but acceptable by the other; the pluralists would respect and accept local ways of doing business, if the core human values and fundamental ethical principles for humanity are not jeopardised. These basic values and principles are:

“Core human rights, the issues that relate to personal freedom, human physical security and well-being, political participation, informed consent, and ownership of property; and the obligation to accord equal dignity to the humanity of each individual.” (Donaldson and Dunfee, 1999, p.46).

In the application of their theory in the case of gift-giving, Donaldson (1996) wrote that managers in MNCs can consider following local common practices, such as, gift-giving, when they would have difficulties operating their business successfully without undertaking local practices and when the local practices they undertake must not breach the core human values. Management scholars have applied Donaldson and Dunfee's theory in their research (González, 2003; Sama, 2006). The question arises, how easy is it for expatriate and international managers to agree with and adapt into local business practices which do not violate core human values and fundamental ethical principles, such as, those described by Donaldson and Dunfee?

Ethical Challenges in International Business Ethics

Ethical philosophers have argued about the best approach for MNCs to adopt in order to make the right ethical decisions when dealing with ethical challenges, especially in developing countries (see, for example, De George, 1994; Donaldson and Dunfee, 1999). Corporations have been seen as moral actors by these ethicists and philosophers (see, for example, Donaldson, 1992; De George, 1994). These writers' contributions are important, but only offer a partial explanation of the conditions that might explain unethical behaviour on the part of business corporations. How managers actually make decisions in real business situations cannot be simply answered by taking a normative approach as ethical decisions are complex in reality (Treviño and Brown, 2004). In any case, it appears that managers still confront significant ethical challenges despite scholars' suggestions of applying one of the theories of relativism, absolutism or pluralism, or adopting either international regulations or global codes of business conduct. This is because of disadvantages and weaknesses in terms of their practicality and implementation in real business situations (Carroll, 2004; Cavanagh, 2004).

For the last two decades, business operations of large corporations have been heavily influenced by globalisation and managers who operate in an environment that is different from that of their own seem to face ethical challenges in making business decisions (Watson and Weaver, 2003). The real managerial decision-making in such situations might not be as easy as adopting one of the ethical theories mentioned above. The variables which can affect managers in making their final decisions may differ according to the situations and the issues involved. Therefore, the motives behind managerial decision-making can vary. Behind the possible ethical challenges, it is also important to understand the dangers which managers might face when making decisions in conditions of uncertainty, vagueness, ambiguity, lack of transparency and clarity. Within these uncertainties, managers could easily be pushed into moral dilemmas and be driven to make ethically problematic decisions. For example, when does the practice of 'giving of gifts' turn into a blatant bribe?

Despite the debate from ethical philosophers over the issue of MNCs facing different ethical standards, there are few studies investigating how managers in these companies make decisions and how they interpret and understand ethical decision-making in the real business environment. There remain myths and unknowns as to what actually happens in real business situations in reflecting these ethical theories drawn by the normative ethicists.

Apart from the above mentioned, company profitability, goals and objectives could affect the moral behaviour of managers. This leads to a range of ethical challenges as will be discussed in the following section.

Ethical Challenges of Business Operation in a Competitive Environment

MNCs trying to maximise profit can lead to ethical problems. Business competition and companies making decisions to increase profitability has, on occasions, led to an imbalance between profitability and their concern for the broader social good. This can be illustrated by disasters involved with companies, such as, Enron, Nestlé, Shell and Nike, as mentioned earlier in this chapter. Companies making decisions purely based on self-interest and profitability, and the link with a competitive business environment, has hence created unethical behaviour which has been discussed by authors, such as, Werhane (2000), Boatright (2000), Donaldson (2001), Shleifer (2004) and Clegg, Kornberger and Rhodes (2007).

Sethi and Sama (1998) and Solomon (2000) argue that profitability influences managerial ethical judgement, and that this goal (profitability) should be first and foremost in a manager's mind. In reality, numerous researchers stress that business managers often deal with competing values and pressures when making decisions in corporate environments, and emphasise that managers face ethical challenges and dilemmas when making decisions (see, for example, Pettit, Vaught and Pulley, 1990; Hosmer, 1997; Cavanagh, 2000). It appears important to understand the influence of business pressure for economic success on managers in terms of how they adjust their moral positions when making decisions in business. The following sections look into ethical concerns which have been expressed in existing academic literature regarding

MNCs' economic activities at both international and domestic levels; and academic discussion from both corporate and managerial moral positions.

Ethical Concerns at an International Level

Under increasing domestic and international competition, a growing number of MNCs have moved production to developing countries where the cost of labour is much cheaper than that of the MNCs' home country (Arnold and Hartman, 2005). However, ethical concerns have emerged after a number of ethical issues and disasters were reported following the consequences of MNCs' ethical wrongdoings (Werhane, 2000; Ho, 2003; Carroll, 2004). De George claimed that the ethical problems of the 'Industrial Age' which used to be in developed countries had been transferred to developing countries by MNCs (De George, 2000).

Evidence has been collated from well-known ethical disasters. Business ethics writers, such as, De George (2000), Klein (2000), McPhail (2001) and Christie et al. (2003) have provided a truly heterogeneous description of the activities in the international market from an ethical perspective. The key similarity with these unethical corporate behaviours is that the MNCs lost the balance between maximising their corporate economic interests and ethical business behaviour in their less-developed host countries (Brenkert, 1999; Boatright, 2000). This resulted in their unethical behaviour arriving into the consciousness of the general public. Academic works have outlined how bribery, corruption, use of child labour, exploitation, human rights abuses, environmental pollution, unhealthy working conditions and paying workers below living-standard wages are all listed, and are believed to be a consequence of MNCs maximising benefits in their host countries (Boatright, 2000; Solomon, 2000; Werhane, 2000).

MNCs have been criticised by the media, the public and academics for causing problems by operating purely for their own benefits and interests without moral or legal restriction (Werhane, 2000; Santoro, 2001). Scholars have looked into these issues from a normative perspective, and discovered that in these real business cases, MNCs had decided to take an ethical relativists' approach to their host countries' standards which are normally lower than their home standards (Fisher and Lovell,

2003; Leong, Tan and Loh, 2004). It has been argued that some MNCs know how they ought to act, but do not always do so (De George, 2000).

Unethical behaviour by MNCs' overseas operations, such as the above, has been widely debated by aforementioned researchers. However, limited attention has been paid towards how managers actually make decisions. If managers are expected to make decisions to satisfy economic interests as priority, then it follows that they would use whichever standards that they can incorporate with the sole aim of achieving the business goal. This can give rise to ethical issues which can indicate challenges and complications which managers face when operating in business environments other than their own.

Most ethicists have primarily considered ethical issues faced as a consequence of MNCs operating in host (foreign) countries, but the researcher also considers home ethical issues, such as, redeployment of production and labour to LDCs, should be discussed. Hence, ethical concerns at domestic level are outlined below.

Ethical Concern at Domestic Level

Some ethicists have mentioned ethical issues in MNCs' home countries under the influence of globalisation, such as, redundancy (see, Lewthwaite-Page, 1998; De George, 2000). The media have reported ethical concerns regarding British MNCs' activities abroad and the impact on the welfare of employees in Britain. A central issue appears to be from British MNCs' home workers regarding the loss of jobs to cheap labour and production abroad (according to, BBC News, 23rd July, 2004; 6th and 22nd September 2004; 8th November 2004, On-line). Under pressure from the global competitive market place, manufacturers in the UK have moved their factories to LDCs where labour costs are much cheaper, but has consequently left home workers jobless. Companies claim that the action is forced by the global competitive market. These companies are mainly from car manufacturing, financial services, retail, communication and service industries. The Trade Union Congress (TUC) has criticised large companies who hide information about redundancies from their staff (Personal Today, 28th Sep 2004, electronic copy). Government bodies, such as, ACAS (Advisory, Conciliation and Arbitration Service) have introduced training courses for

managers and companies on how to negotiate the 'tough' time (ACAS, 2009, On-line).

With the current economic climate and credit crunch in the UK, businesses face enormous challenges in ensuring the survival of the company as whole. Inevitably, the consequence of the strategies on reducing costs and prices is to cut jobs. This is evidenced in the more recent job cuts from many large British companies, such as, Royal Bank of Scotland (RBS) and Royal Sun Alliance (RSA), under current challenging business conditions (see, BBC News, 24th, 25th, and 26th February 2009; 7th April 2009; and 7th July 2009, On-line). The chief executive of one British MNC expressed his feelings about making hard decisions regarding making employees redundant, *"Decisions like these that affect our people are always difficult, but it is the right thing for our customers and our business."* (BBC News, 26th February 2009, On-line).

Ethical issues which managers face in their home country could well be different from those confronted by managers in their host country. However, the main responsibility they have as managers should be the same, that is to make rational and fair decisions which should benefit their companies, employees and wider community. Managers operating in host and home countries face challenges in striking a balance between their ethical responsibility and maximising their company's interests. It appears that MNCs' business expansions have placed different forms of pressure on their managers who operate in either the host or home country. These managers face ethical decision-making when facing various ethical challenges and dilemmas whilst having to continue to manage strategically and operationally. Profitability is likely to be the central concern when managers make business decisions. The following sections further explore the academic debate on companies' and managers' moral positions.

Corporate Moral Position

'Business ethics' has often been seen as an 'oxymoron' and a 'joke', and it is commonly believed that there are no ethics in business, and 'business' and 'ethics' are separate identities (Werhane and Freeman, 1999; Duska, 2000; Crane and Matten, 2007). Numerous scholars have questioned the purpose of business and debated the

relationship between business and ethics. Writing in 1958, Theodore Levitt argued that corporation's business is 'making money, not sweet music'. Levitt's argument clearly enforced the priority of business which he believed was making profit and meeting the demands of shareholders (Pearson, 2000). Levitt is not the only person to hold this view, Milton Friedman's free market with his beliefs that the resources of organisations should only be used to satisfy shareholders' interests (Fisher and Lovell, 2003). These scholars argue that the purpose of business corporations is to meet the demand and interests of shareholders with financial performance as the primary objective, and only laws are obeyed in their business operations.

In questioning the ethical behaviours of business corporations or individuals, Carr (1968) argued that business people see business as a 'poker game', they perceive the bluffing in business as 'game strategy', and ethics of business are 'game ethics'. Carr's interpretation about business reality emphasised the difficulty of questioning a business person's morality under the rules of the business 'game'. De George (1999) questioned the priority of business by saying, "*Would ethics be concerned before business profit in business decisions?*" (p.5). He stated that the majority of business people believe business is there for making profit, and therefore they believe profit is the primary concern. Some managers behave immorally whilst others do not behave unethically but not ethically either; they act amorally as they do not think ethics is related to business.

In terms of the amoral and immoral business behaviour of business expansion abroad, Küng (1997) and Sorensen (2002) have focused upon the purpose of the business perspective of globalisation. Evidence presented by these authors indicates that economic values underpin MNCs' decisions. Further authors give examples of MNCs' profit seeking motives through cheap labour and resources, markets and tax benefits in their host countries which underpins their economic decisions in the global market (see, for example, Luo, 1997; De George, 1999; Cordeiro, 2003). Theorists believe that market activities have made MNCs become either amoral or immoral; therefore, economic goals and demands can often override moral concerns when companies make business decisions. In business reality, as Boatright (2000) argued, companies have to compromise their moral positions in order to compete in the global market place, even if they have the intention to be ethical. Could ethical decisions be

possibly made in the face of business reality? According to Werhane and Freeman (1999),

“The discourse of business and the discourse of ethics can be separated so that sentences like, ‘x is a business decision’ have no moral content, and ‘x is a moral decision’ have no business content.” (p.2).

The argument put forward by these authors shows the difficulty of business ethics. Fundamentally, the priority for business is to create a substantial profit, sometimes at the cost of behaving ethically. Greed plays a part and its role can lead to poor behaviour by MNCs. Milton Friedman claimed that when business people act rationally, they would attempt to maximise their company’s business interests first and foremost (Friedman, 1970). For Friedman, it is moral for business people to do so.

Interestingly, in recent years, there has been a growing trend of large MNCs to adopt CSR as one of their business practices (Wotruba, Chonko and Loe, 2001; Bondy et al., 2004). It is thought that the changes in the ethical environment in the West have contributed to the trend of large companies adopting ethical codes (Pearson, 2000). Business management scholars, such as, Freeman (1984), developed stakeholder theory that advises business corporations to take a stakeholder perspective in corporate decisions if they want to secure long-term business survival. Other scholars, such as, Casson (1991), MacLagan and Snell (1992), support business corporations in taking a pluralist perspective to look into the relationship between business and ethics. This requires managers to also consider social and ethical issues in their decision-making as well as economic rationality (Fisher and Lovell, 2003; Rasche and Esser, 2006).

In business reality, large MNCs were reported to spend a considerable amount of their profit every year on ethical consultation according to Morgan and Reynolds (1997). The reasons behind this kind of corporate ethical gesture have been debated by ethicists. Academics, such as, Carr (1970) and O’Higgins (2003) are quite cynical about the motives behind companies’ involvement with social responsibilities. O’Higgins (2003) argues that globalisation is like all other strategies used by

corporations, which is essentially amoral and concentrates on economic objectives. Therefore, companies would only consider CSR a part of globalisation if these social benefits can be justified within company interests. O'Higgins is not the first person to hold such views. Carr (1970) stated that senior managers would not consider social responsibilities unless they thought that their own interests such as gaining profit and improving reputation could also be served. He used the phrases 'it pays to be ethical' and 'sound ethics is good business' to describe the purpose of companies involved in CSR.

Companies have realised that 'good ethics is good business' (Boatright, 2000), and companies believe that good ethics make economic sense (Joyner and Payne, 2002). Apart from these viewpoints, avoiding the risk of being caught out by pressure groups, and therefore preventing corporate reputation damage is believed to be another factor which prompted companies to consider ethical issues in their policies according to empirical studies by Levis (2006) and Rwabizambuga (2007). It seems that business rationale takes first place before moral values behind large corporations' actions. Businesses seem to have developed a rather 'instrumental' view of what business ethics is about.

Suitability to today's business environment is the reason why companies use an instrumental strategy to speak in favour of corporate citizenship, CSR and business ethics according to Windsor (2004). Verstraeten (1998) concluded that companies that are involved in social responsibility have had significant profit increases. Donaldson suggests that being moral can create competitive and economic advantages for business corporations (Donaldson, 2001). However, being ethical because of profit has been criticised by academics, such as, Peter Koestenbaum, who said that 'to be ethical because it is profitable is unethical'. The term 'ethical mask' was used by Koestenbaum for describing these companies' behaviour (cited in, Verstraeten, 1998, p.112). Research has demonstrated that CSR policies are not always adopted by managers when there are business incentives in a competitive business environment (Levis, 2006).

The consensus of opinion appears to be that companies make rational business decisions with their primary concern to make profit. Following the exposure of ethical

problems in the international market, CSR has been embraced by the majority of large MNCs. Such companies have placed themselves in the position of being ethical business organisations. However, such business behaviour has also received criticism by academics based on the companies' self-centred motivation which is the main reason for their ethically sound action. Managers are employed with a responsibility to maximise their companies' interests, however, they are also required to weigh ethical and social considerations. One might ask, how easy is it for managers to decide whether to make business or moral decisions when confronted by ethical dilemmas in business reality? As individuals, managers have their own personal moral standards. How do companies' interests influence a manager's moral behaviour when making business decisions? Where can managers place their moral positions in the relationships between their companies' economic interests and moral values of their own?

The discussion that follows focuses on managers' moral positions in business. It explores how managers are affected by business pressure; how they might compromise their own personal ethics when making business decisions for their companies; and the dual role managers play in business and in their personal life with each having potentially different ethical standards. Managers' role conflict and ethical dilemmas, as well as the consequences of managers reconciling their personal consciences, are finally discussed.

Managers' Moral Position

Laying behind the famous examples of corporate scandals, such as, Enron, and ethical disasters, such as, Shell, are a series of serious managerial moral misbehaviours (Fisher and Lovell, 2003; Romar, 2004). In the rules of the business game, some business activities are called 'common practice', laws are obeyed, but profit is looked for wherever the law permits, and deception is a common strategy used by business people when dealing with their stakeholders (Carr, 1968). For Carr, business people are simply bluffing in their business dealings, they only live up to the ethical standards of the business game, which Carr believes are very different from the ethical standards of their personal lives. Carr's impression about business and business people might reflect business reality and how managers are expected to

behave in economic rationality. Carr clearly indicated that managers were required to have different ethical standards in the workplace from personal ethical standards.

Carroll (1987) concludes that there are three major types of managers in business: immoral, amoral and moral managers. Carroll points out that in business, the majority of managers would be categorised into amoral or immoral types. According to Carroll (1987), moral managers are very difficult to be found in business. He defines that immoral managers act morally wrong, moral managers take actions which are morally right, and amoral managers would choose somewhere in between right or wrong - somewhere in a grey area. Carroll (1987) defines that immoral managers know what is right and wrong, but choose to do wrong things, often motivated by business goals for profitability. Moral managers aim to have business success at the same time following ethical standards and principles, and value fairness and justice in business. Moral managers follow their business objectives while at the same time they require and desire profitability, legality and morality. In comparison, the amoral managers pursue profitability as their business goal, however, they do not think that moral issues may be linked to the process of achieving their business goal. The amoral managers only use law as a guiding principle on their behaviour in business. Carroll (1987) stresses that business organisations are dominated by managers of the amoral type. Amoral managers can be thought of as devotees of Adam Smith's 'invisible hand' and Milton Friedman's free market (Fisher and Lovell, 2003). Although Carroll's categorisation of managerial morality is useful in terms of understanding a broad picture of likely managerial moral positions which they can adopt, caution should be exercised when considering the morality of managerial behaviour. It is possible that managers' moral positions may change depending on the situation, and we need to understand more about their moral behaviours. We should not only judge their morality by their actions, but also consider how they arrived at their decisions.

Can managers make decisions according to their own moral judgment without fear for their own job security? The importance of understanding the real ethical problems confronted by managers and how they respond to ethical dilemmas has been emphasised by Fisher and Lovell (2003), Clegg et al. (2007) and Hine (2007). In the work of Fisher and Lovell, both authors placed considerable emphasis on how managers exercise their moral agency. For them, "*moral agency within organisation*

is the ability of individuals to exercise moral judgement and behaviour in an autonomous fashion, unfettered by fear for their employment and/or promotional prospects.” (Fisher and Lovell, 2003, p.2). They stress that if managers cannot apply their own moral reasoning when making decisions in business, and if managers are often required to make decisions which are against their own values, then such managers would behave amorally or immorally.

In Goodpaster’s (2007) book, ‘Conscience and Corporate Culture’, he concludes three types of symptom of ethical wrong doings. His analysis was based on the famous ethical cases of the inside trader - Wall Street investment banker Martin Siegel in 1986, the collapse of Enron with Andrew Fastow in 2003 and NASA’s Challenger and Columbia space shuttle disasters in 1986 and 2003 in the US. He perceives such symptoms as ‘the occupational hazard of business life’. The three symptoms are: “(1) fixation on tangible goals or purpose without moderation [under stress and pressure]; leading to (2) a tendency to rationalise or even deny responsibilities and realities that might impede the accomplishment of those goals or purposes; leading to (3) a general separation of the ethics of business goals from the ethics of everyday life, leading to emotional detachment regarding the full human implications of pursuing these goals.” (Goodpaster, 2007, p.28). Goodpaster (2007) refers to these three patterns as ‘Teleopathy’. *Teleopathy* or the unbalanced pursuit of objectives, which he describes as:

“Teleopathy is not a theory; it is a condition. It is a condition that affects perception, reasoning, and action – the way an agent [manager] sees (or does not see) the world and the way an agent [manager] responds to what he or she sees in deciding what to do.” (p.29).

1. Business Goals, Pressure and Compromising Personal Ethics

Goodpaster (2007) reflected that business people have to make decisions for business goals under pressure, and leave themselves with unbalanced values and guilt. Management scholars have stressed that managers face complex ethical questions in the workplace, and have to struggle to balance different needs between the interests of their companies and other stakeholders (Johnson, 2004; Vickers, 2005). Researchers

have also indicated the importance of understanding how managers balance various different competing interests when making business decisions (Donaldson, 2000; Pennino, 2002). Several business ethicists and management scholars have discussed that managers are under considerable amount of business pressure in maximising their companies' interests (see, for example, Cavanagh, 2000; Donaldson, 2000; Solomon, 2000). Evidence presented indicated that managers are not expected to be emotionally tied to have consideration for others. They have to give priority to their companies' economic interests above any other interests when making business decisions even when confronted with ethical dilemmas. Hence, they compromise their own personal standards under the pressure of their company's demands (see, for example, Baumhart, 1961; Carr, 1968; Goodpaster, 2007; Hine, 2007).

At this point, it is important to note that managers could overcome significant ethical challenges and difficulties when making business decisions as more evidence becomes available from research and questions subsequently emerge. More studies have reported the influence of business pressure which has pushed managers to bend their personal moral standards and behave unethically to achieve business success. A classic article published by the Wall Street Journal in 1979 reported that middle managers were under pressure to achieve companies' goals; therefore, they had to be involved in unethical, deceptive and even illegal activities in order to meet the company's demands (Getschow, 1979). Pressure on the managers seemed to have created a climate where 'anything goes' in order to reach targets. Managers reported that they felt pressurised to compromise their personal ethics in making business decisions in order to achieve corporate goals, such as, reaching sales targets or keeping confidential information from workers (see, for example, Cavanagh, 1984; Dolecheck and Dolecheck, 1987; Posner and Schmidt, 1987; Goodpaster, 2007). This pressure combined with a globalised business environment has driven managers to become self-centred in the pursuit of profit. However, the consequence of such business pressure is dangerous and harmful to individual managers' own personal morality and values (Cavanagh, 2000; Donaldson, 2000). Evidence collated from these empirical studies proved that managers are left little or no choice to make alternative decisions. This calls for urgency in investigating how managers make decisions in business reality, and their thoughts and emotions. Furthermore, this

pressure and behaviour which they are forced into can lead to psychological problems. How they deal with the situation is discussed hereafter.

2. Reconciling Personal Consciences and Emotional Detachment

How do managers reconcile their personal conscience if they have to bend their own personal ethics in order to satisfy their companies' interests? Such questions have already been asked by researchers since early management research. Examples are given below.

Carr (1970) asked,

“If a man in a responsible corporate position finds that certain policies of his company are socially injurious, what can he do about it without jeopardising his job?” (p.28).

and Ulrich and Thielemann (1993) questioned,

“How do managers reconcile the requirements of achieving and preserving managerial success with the ethical demands of which they as responsible persons are, or ought to be, aware?” (p.880).

From the above quotes, it is evident that everyone needs an income to survive, and many managers, due to the nature of their jobs, may actually consider resigning after compromising their morals. However, many recognise that such managerial jobs are not easy to come by, and some take the attitude that someone has got to make the decision and they simply get on with the task. Some managers who make difficult decisions attempt a damage limitation strategy and try to make their decisions as least painful as possible while adhering to company requirements. These are the managers who attempt to help the general work force as much as possible, sometimes standing up to and questioning those who are in a superior position to themselves. Some adopt completely different personalities in their personal and professional lives to be able to stay in their jobs. As soon as they leave work, they completely switch off from their work role. Some have great difficulty exchanging roles, complain of worried and sleepless nights, and wish they could escape to a different form of employment. This is further reiterated by the authors below.

Barry (1979) explained that personal ethical standards are difficult to apply in specific business decisions, and even business people would like to do what is right rather than what is wrong; some business people would compromise their personal values by thinking ‘that’s business’. Fisher and Lovell (2003) stated that cynicism and low morale were found to be the most common inference which results from managerial misconduct. Fisher and Lovell agreed that individuals might behave differently in business when compared to their personal lives, if they could believe that their professional lives could be independent from their personal lives with different moral standards applying to both. Some individuals turn into their ‘business mode’ once they arrive at work.

Other managers were described by Cavanagh (1984) as being simply not aware of or concerned about others or anything else except economic values in business; some managers close their eyes to unethical business behaviour and some even take part in such activities. Carr (1970) reported that some managers feel frustrated whilst others consider what they do is common in business. One manager expressed that he could not afford ‘the luxury of a conscience’ in his position. He started to question himself that maybe he should not try to be different from managers who can accept questionable business activities in the same company. In more recent academic work, Goodpaster (2007) describes this kind of behaviour by business people as ‘emotional detachment’ (p.23). These people appear to be robotic and selfish in nature and generally amoral. Additionally, they may not recognise that their decisions have real impact on people’s lives – or if they do, they appear to be unconcerned about the consequences. Is this the result of their working environment or are they simply unethical individuals to begin with? If it is the result of their working environment, could it be that they are, in fact, victims themselves of their employment situation? This is verified by referral to the book, ‘The Gamesman’, written by psychologist Michael Maccoby, published by Fortune magazine. As Maccoby described,

“Obsessed with winning, the gamesman views all of his actions in terms of whether they will help him succeed in his career. The individual’s sense of identity, integrity, and self-determination is lost as he treats himself as an object whose worth is determined by its fluctuating market value.

Careerism demands (emotional) detachment.” (in Goodpaster, 2007, p.23).

Maccoby’s words reflect the reality of the rules played in some businesses which do not allow managers to behave as moral humans but game players. If this is what managers are expected to be in order to survive in the business game, how easy or difficult is it for them to make decisions when confronted by moral dilemmas in business?

Carr (1968) pointed out that if business people feel uncomfortable with their behaviour of bluffing in business, they might feel guilty about their actions, and may develop psychological problems. As he explains, managers would not live without a conscience; they try to ignore conscience and suppress it, and,

“The hiding [of] conscience manufactures the toxins of suppressed guilt, often with serious psychological and physical consequences.” (p.29).

Carr stressed that managers who have a high standard of personal ethics may experience disadvantages when making decisions in business. They have to find some personal rule to help them to deal with the ethical issues of business situations. The challenge managers face is to keep their own personal integrity when making business decisions without compromising themselves.

3. Dual Roles, Moral Schizophrenia and Ethical Dilemmas

Business ethicists and management scholars have emphasised that most managers have to play two roles in their personal private life and business life with different ethical standards applied to each role (see, for example, Carr, 1968; Barry, 1979; Von Weltzien Hoivik, 2002).

The roles often conflict, and it is difficult to preserve their own personal ethical standards when they have to meet the requirements of their companies (see, for example, Baumhart 1961; Carr, 1968; Badaracco, 1992). Consequently, managers’ personal values are often abused by their role within a business context (see, for

example, Chonko and Hunt, 1985; Posner and Schmidt, 1987; Lee and Yoshihara, 1997). Managers are often torn between a decision based on business consideration and one based on their personal ethical standards (Von Weltzien Hoivik, 2002; Goodpaster, 2007).

‘Moral schizophrenia’ was a phrase used by Goodpaster (2007, p.25) to describe the consequence of business managers playing different roles in business and in their personal lives with different ethical standards. Originally adopted from the article ‘Morality and the Ideal of Rationality in Formal Organisations’, by John Ladd. ‘Moral schizophrenia’ together with ‘emotional detachment’ leads to fragmentation, loss of consistency and wholeness of the individual decision-maker (Goodpaster, 2007). Evidence from numbers of researchers suggests that business managers experience difficult ethical dilemmas (see, for example, Velasquez, 1982; Toffler, 1986; Badaracco, 1992). As Badaracco (1992) points out,

“The moral dilemmas of management are, at [the] bottom, clashes among different conflicting moralities, among very different spheres of responsibility...when the claims of these different spheres of commitment pull in different directions, managers face [moral] hazard.” (p.66).

The academic work presented above forewarns us about the danger and harm that managers receive morally and psychologically as a consequence of taking managerial responsibilities in making decisions in business. Under business pressure for survival and success, managers are pushed into a business environment where they are encouraged to be amoral. Academic evidence shows that managers are expected to maximise business goals on the condition of potentially sacrificing moral values. The cost is their personal moral values and moral identity. Inevitably, managers need to detach themselves morally and emotionally from their personal lives. However, this can prove difficult for some and might lead to moral dilemmas where they may experience moral conflict, guilt and even distress.

Chapter Summary

This chapter has outlined how large MNCs expand their business in many countries and has focused on evidence from international business ethics literature. Global competition has made ethical challenges more substantial for managers. These challenges have been compounded by MNCs taking advantage of LDCs with a diversity of standards between countries and ways of operating business. Behind the scenes of scandals and business activities of large corporations, from the unethical behaviour of Anderson in the Enron case to the former chief executive officer (CEO) of the RBS, Sir Fred Godwin, one might wonder why and how they made their decisions that led to disasters. Apart from these individuals who made unethical decisions in well-known scandals, how about the ethical decision-making of the ordinary managers who work for MNCs at national and international level? The literature presented in this chapter shows that the ethical challenges faced by managers when making decisions in business are enormous both at national and international level. From the rules of the ‘business game’ presented in the early management literature to the recent bloom in the trend of CSR, we see large corporations have taken a new position with rising ethical awareness, but have we really seen any change in their moral behaviour?

How do MNCs react when operating in a country with generally lower standards to that of the parent company, for example, with a bad reputation on human rights and equal opportunities, corruption, pollution, bribery or child labour? These situations hence create moral dilemmas for managers responsible for making decisions. MNCs’ challenges are complicated by the choice of ethical standards from country to country, and home standards may not be entirely applicable in the host country. Relativism and absolutism from a normative and prescriptive perspective have been used behind most of the literature. Ethical relativism suggests that people’s activities should be judged by the cultural ethical beliefs of the country which they are living in, and hence, no universal standard exists. Relativists expect norms and standards to vary from country to country. Although, apparently, theoretical relativism leads to major dilemmas with expatriate managers struggling to accept the lower standards that are commonly found in LDCs. ‘Morally blind’ can be seen as a rather appropriate expression to describe relativism. Absolutism puts forward the idea that universal ethical standards should be

applied, and that the parent company should use the same standards at home as abroad. Hence, managers can keep the same moral standards while working abroad as well as at home. Although this appears to be the best stance to take, unfortunately major difficulties occur when a company tries to implement its own standards in a host country, some examples being issues, such as, long hours of work, gender discrimination and age of workers employed. Variations between values from country to country suggest that both relativism and absolutism should be considered which leads us to pluralism. Here, managers operate in a 'grey area' where decisions are made not strictly to company guidelines and policies, and clarity on correct procedure in these situations can be strictly limited. The managers rely on themselves to make the best decisions possible, and in these situations, the decisions can be far from straightforward. Donaldson and Dunfee developed their theory to aid managers overcome some of the ambiguity which they face in the workplace. As long as core human values remain intact, then 'moral free space' exists, and allows managers to have limits of acceptability regarding their decisions.

Business expansion and profitability play considerable roles which could lead to major ethical dilemmas for managers who are working in LDCs, for example, toxic waste dumping can be a normal feature in certain countries. How do managers deal with compromising their morals when making the decision to carry out such an act? Disasters due to MNCs poor ethical behaviour highlights the idea that some have tried to maximise profits with little regard for the environment or people involved. The pursuit of profit also results in the loss of jobs at home due to redeployment to LDCs, creating unemployment in the home country and with a 'knock on' effect throughout local communities which results in a downturn in the local economy. Sometimes, it seems that corporations regard their business as simply a 'game' with their actions being amoral. Many academics consider that business decisions with the primary concern of profit are likely to be made by business corporations. Decisions made by MNCs on the basis of profitability have been proved in their business operations in both host and home countries. Even if MNCs place themselves in the position of being ethical businesses, such behaviour has still received criticism by academics because it is believed that MNCs' profit motive is the main reason behind their ethically sound actions. CSR by companies has been seen as cynical and just used for creating a good company image, but, at least, it is an effort made by companies to put

a ‘good face forward’ to the public. Certainly, CSR, is better than nothing and has become a ‘business within a business’ itself.

It is argued that managers have responsibility to be primarily concerned about putting business interests above all other interests when making business decisions. Many ethical issues have been caused by business people’s dishonesty and unfairness towards consumers, employees and competitors. The majority of managers are believed to have immoral or amoral behaviour when making decisions in business. Ethical challenges confronted by these business managers have focused on how to balance the relationship between maximising their companies’ business-interests and their own moral values. Business pressure for success and profitability can take its toll on managers, many feeling badly after making decisions which they consider to be morally wrong. They adopt different personalities for their home and work roles in order to survive mentally. Some become so self-centred in their pursuit of profit that they appear to be have become victims of their own jobs, having become uncaring people who are often emotionally disturbed. Scholars have stressed that the role-conflict and ethical dilemmas confronted by managers, as well as the consequences of reconciling their personal conscience, have a significant impact on business managers which can have serious psychological consequences. However, there is a lack of empirical research into possible moral issues and dilemmas faced by managers either at domestic or international level. This creates an urgency to conduct a study such as this one which explores possible moral issues and dilemmas which have been confronted by managers who work for British MNCs in China and Britain. Furthermore, their moral behaviour in making decisions is considered. To make sense of the decision processes which managers use that lead to their final decision requires the researcher to interpret managers’ thought processes which support their choice of a particular action; consequently, managers’ rationales behind their action could also be understood.

The next chapter presents essential literature on the ethical and cultural backgrounds of China and the UK, and illustrates empirical studies on cross-cultural ethical behaviour.

Chapter Three

Ethical and Cultural Differences and Cross-Cultural Ethical Behaviour

Introduction and Chapter Overview

Ethical challenges are faced by MNCs in international markets, and these challenges are also confronted by the managers who are responsible for making decisions in such situations. Ethical challenges which individual managers could face were examined at both national and international levels in the previous chapter, and it was discovered that ethical and cultural differences between countries (especially Western and Eastern) appears to be the major causes of ethical dilemmas. Researchers emphasise that these differences can influence individuals' ethical beliefs and values, their awareness and judgement upon what is right or wrong, hence, ethical behaviour across-countries can vary. In a business context, these differences can influence acceptable ways of operating, thus, understanding these differences is important for understanding managerial ethical behaviour in decision-making in a cross-cultural context, such as, China and Britain. This chapter therefore critically examines two areas; firstly, ethical and cultural differences between China and Britain, and secondly, existing empirical studies on cross-cultural ethical behaviour.

Countries and societies might differ in their ethical philosophical traditions, cultures, ways of operating business with ethics and values applied (Fisher and Lovell, 2003). Existing literature shows that traditional Chinese ethics and culture are mainly influenced by Confucianism (Hofstede, 2001; Redfern and Crawford, 2004), whilst ethical and cultural traditions in Britain have been mainly influenced by Western ethical philosophies and the religious influence of Christianity (MacLagan, 1998). This literature can help us understand how and why Chinese and British managers perceive what is right or wrong and what might be acceptable or unacceptable. It can increase awareness regarding changes in Chinese traditional values and culture as a consequence of China's recent rapid economic development (Ying, 2001; Wang, 2002). The new global market economy allows Chinese people to adopt Western culture, values and market ethics. Chinese individuals working for Western MNCs in China exhibit Western business values, all of which influences Chinese people's morality. The empirical research findings from the cross-cultural ethical behaviour

studies can illustrate whether individuals from different countries have different ethical behaviour when confronted with ethical issues and how an individuals' own culture and ethical traditions influences their ethical behaviour (Fritzsche, 1995; Robertson and Fadil, 1999; Spain et al., 2002; Ergeneli, 2005). The evidence from these studies supports the link between an individual's ethical and cultural background and their ethical behaviour, therefore, the examination of such studies is essential for this research on cross-cultural ethical behaviour between Chinese and British managers in terms of likely ethical behavioural differences. The questions, how and why managers from China and Britain would behave in certain ways in relation to the ethical and cultural differences between these two countries, are central to this thesis.

Ethical and Cultural Differences between China and the UK

Because this thesis examines the role played by the ethical and cultural backgrounds of managers on their moral behaviour in the decision-making process, it is critical that both Chinese and British managers' ethical and cultural backgrounds and the differences between them are investigated. Existing literature states that the traditional Chinese ethical philosophies are dominated not only by Confucian ethics but also include current emerging 'market ethics' (Erdener, 1998; Whitcomb, Erdener and Cheng, 1998; Redfern and Crawford, 2004). In contrast, ethical philosophies influencing British values are based on the principles of several Western ethical philosophies, the two major ones being deontological (non-consequential) and teleological (consequential) ethics (Bowie, 2002). Christianity and capitalism also influence the British in terms of what they believe is right or wrong (Ames, 1983). I now turn firstly to Confucian ethics in order to set the scene for beginning to try to understand Chinese thinking.

Confucian Ethics

It appears that understanding Confucian ethics is critical for this research in terms of recognising Chinese moral judgement and reasoning as Confucianism has an influence at domestic and community levels in China (Chan, 2008). Confucian ethical reasoning emphasises the order and priority of *qing* (favour, human relationship), *li*

(rationality) and *fa* (law) (Hsieh, Hsieh and Lehman, 2003). This means that in any human interaction, Chinese individuals always give first priority to relationships, rationality comes second and legal concerns come last. If ethical and cultural backgrounds influence an individual's ethical behaviour, it should be expected that Chinese managers would have the same order of ethical consideration as mentioned above. It might explain why human relationships are so important in Chinese business.

The prior ethical consideration of maintaining human relationships is strongly reflected in Confucian ethics, which can be summarised into three areas: (1) social hierarchical relationships, (2) family and social groups, and (3) reciprocity and personal relationships. It is worth illustrating these three areas to demonstrate types of ethical behaviour from a Chinese viewpoint.

1. Social Hierarchical Relationships

Confucianism emphasises the hierarchical human relationships within family, social groups and society (Harvey, 1999; Waldmann, 2000). The five parts of hierarchy in personal relationships as described by Ying (2002) are: (1) loyal relationships between emperor and officials (ruler and subjects); (2) loving relationships between parents and children; (3) different roles played between husband and wife; (4) orderly relationships between seniors and juniors; and (5) a trusting relationship between friends. Western individuals might not agree with this Confucian ethical teaching because they might argue that they are not equal relationships for everyone. However, the centre of Confucian teaching is focused on maintaining social harmony by educating individuals not to fight for their own good or interest but thinking more about relationships with others. Therefore, social harmony is maintained by educating Chinese individuals to behave according to their social status and rank in this hierarchy (Wang, Wang, Ruona and Rojewski, 2005). Influenced by this Confucian ethic, Chinese managers could be expected to be more likely than British managers to have loyal relationships and orderly relationships with their higher-level management, and trusting relationships with their in-group colleagues. In-group membership also includes people from the same family, country, culture, social or religious group (Taylor and Moghaddam, 1994). Maintaining harmony and order in these

relationships could play an important role in Chinese managers' moral judgement and reasoning.

2. The Importance of Family and Social Groups

In Confucius's view, a person is part of a family, group and society rather than just an individual self, therefore the relationships with family and social groups are seen as the central part in Confucius' ethics; consequently, everyone's priority, should be to maintain harmony in the family, groups and society (Leung, 2003). It is regarded as morally wrong to be self-centred. Evidence collated from several studies shows how this important virtue reaches each individual Chinese person. For example, the evidence presented by Qian, Razzaque and Keng (2007) shows that the Chinese are taught the importance of loyalty and obedience to the family and social groups which they belong to; they are required to restrain their individuality in order to maintain social harmony according to the ideals of Chinese virtue. These ethical perspectives seem to explain why Chinese managers were less likely to 'blow the whistle' about their companies' wrongdoing and to protect dishonest employees in McDonald and Pak's (1997) study. Authors, such as, Ying (2002), also give similar evidence that individual Chinese are asked to sacrifice his/her own self-interests for group, public and social interests under the influence of Confucian ethics. As Chinese managers' ethical behaviours are influenced by this particular Confucian ethical teaching, it potentially creates morally problematic issues to their British counterparts who might not agree with the Chinese way of reasoning of what is right or wrong.

3. Reciprocity and Personal Relationships

Many researchers have written on the importance of reciprocal duties and maintaining good human relationships in Confucian ethics (see, Hall and Hall, 1990; Waldmann, 2000; Chan, 2008). These kinds of reciprocal relationships are built on the exchange of gifts and favours between people, families and clans (Qian et al., 2007; Tian, 2008). Reciprocal relationships between people creates a special connection or human relationship between the individuals who give and receive favours; in Chinese, this type of connection and human relationship is called *guanxi* (Lovett, Simmons and Kali, 1999), which is discussed later in this chapter. Some researchers see this kind of

relationship as a shared obligation between people to respond to requests for assistance or favours from others and exchange favours (Pye, 1992; Chan, 2008). Others believe that this kind of relationship is used by people to achieve their own benefits (Xin and Pearce, 1996). The moral reasoning behind reciprocity appears to be critical for understanding Chinese moral behaviour. For Chinese, morally correct behaviour is judged by others through social interaction by building and maintaining good relationships. Give-and-take is a central part of achieving good relationships. Therefore, for Chinese, it is not morally wrong to give gifts and ask for favours. In a business context, writers, such as, Fan (1995) and Waldmann (2000), show that Chinese managers often seek to establish such human relationships to secure business deals and settle problems through personal interactions instead of following business regulations. A question therefore is, would the British agree and accept the Chinese way of doing things? After all, it is essential to understand the moral reasoning behind certain Chinese actions which seems rather different from what the British might do.

In short, the examination of Confucian ethics is extremely important for this research because of its fundamental influence on the Chinese ways of ethical thinking. Confucian ethical teaching is thought to significantly affect how Chinese managers behave when making decisions of an ethical nature. Behind Chinese individuals' actions of, for example, protecting their companies and dishonest employees by not blowing the whistle, do we not see the influence of obedience and loyalty, and maintaining social harmony? Looking into Chinese managers' activities of the giving of gifts, do we not see the influence of Chinese virtue on reciprocity and retaining good relationships with others? Therefore, understanding Confucian ethics could help us to explain why Chinese managers behave in the way that they do which is an aim of this research. As we require to understand the differences and similarities between Chinese and British managers' ethical behaviour, it is the right time to investigate Western ethics, which is believed to impact on British ethical thinking.

Western Ethics

Ethical standards applied in Britain are dominated by several Western ethical philosophies. The two major traditional ethical theories are deontological and teleological ethics (MacLagan, 1998; Fisher and Lovell, 2003), along with ethical theories, such as, virtue ethics, feminist ethics and discourse ethics (Crane and Matten, 2007). In this research, the two traditional Western ethical theories are examined in further detail as they are the predominant influences on British ethical beliefs.

1. Deontological Ethical Theory

Deontology comes from the Greek word *deos* meaning ‘duty’, hence, deontological ethical philosophies focus on moral duty where individuals’ actions are guided by a set of universal principles where the consequence of an action is not relevant (Fisher and Lovell, 2003). Deontological ethical philosophies are also called ‘principle-oriented’ and ‘non-consequential’ ethical theories (Crane and Matten, 2007). The two most well-known deontological ethical philosophies were written by the German Philosopher, Immanuel Kant and the English philosopher, John Locke (De George, 1999).

Kant’s ethical theories are called ethics of duty. Ethicists point to Kant’s theory answering the question, ‘what makes a moral act right?’ (Velasquez, 1998; Fisher and Lovell, 2003). Kant’s theory is that an action is morally right only if the action can be performed by everyone when following the same fundamental principle, that the action treats others with human dignity, that the principles of the action can be accepted by everyone universally, and the action is carried out as a duty. For Kant, stealing is wrong, and it does not matter if the consequence of the action can save a starving child. At the fundamental level of humanity, individuals would agree that killing, stealing, cheating or lying is wrong universally, therefore, a Chinese person could follow these ethical principles which are also believed by British people.

In a business context, business should be operated fairly and openly with justice, this could be universally accepted at a fundamental level. However, in some cross-cultural

situations, the universality of such ethical principles can be challenged. For example, British managers' demand for fair business treatment in countries such as China might not be seen as morally right, because the Chinese might not follow the same ethical principles in their business operations. Instead, the Chinese might rather focus on investing in human relationships as a way of gaining better business treatment. Therefore, British managers, who follow Kantian ethical principles, might find themselves doing something wrong in cross-cultural situations or might even face moral dilemmas. Fisher and Lovell (2003) challenged Kantian ethics in a business context by raising the question of how managers would act when confronted with economic recession leading to redundancies. In this situation, it might be difficult to find a single action which could fulfil Kantian ethical requirement.

In comparison, in Locke's notion of 'natural rights', Locke believed that humans in the 'state of nature' are free and equal. With no laws, no social conventions and no political states in the 'state of nature', people agree to a 'social contract' to establish justice and protect their natural rights (Shepard, Shepard, Wimbush and Stephens, 1995). A person who holds Locke's ethical principles would make decisions according to human rights for equality, freedom and entitlement. Both Locke and Kant focused on fundamental human entitlements (Beauchamp and Bowie, 2003). In a cross-cultural context, the notion of rights shows its limitation because natural rights or human rights are heavily applied with a Western view of morality; therefore, it might not be easily transferred to others from different backgrounds (Crane and Matten, 2007).

Many Western non-consequential ethical philosophies focus their devotion to discussing justice and rights (Fisher and Lovell, 2003), which appears to be the centre of attention in the debate of what is moral or immoral from a Western non-consequential perspective. Evidence shows that moral campaigns in fighting for beliefs (such as, human rights or the women's vote) have been difficult to be put into practice even in Western countries such as Britain.

Western ethical thinking is in clear contrast to Confucian ethics. Chinese managers believe that they would not have the right to ask for the same opportunities as their superiors and attempt to maintain social harmony at all times. Differences between

Western and Confucian ethical teaching draws questions, such as, how would British expatriates carry through corporate standards on human rights, freedom of speech, transparency or equal opportunities with their Chinese employees? They may also have difficulty understanding the moral reasoning which underpins Chinese human relationships and connections. One certainty is that the differences in traditional ethical education could influence Chinese and British managers' moral sensitivity as to what kinds of moral issues they would draw particular attention to.

2. Teleological Ethical Theory

Evolving from the Greek word *telos* which means 'end' and 'completeness', teleological ethical philosophies judge an action by examining the consequences of the action (Crane and Matten, 2007). The two most influential teleological ethical theories are egoism and utilitarianism.

Egoism is the ethical theory which argues the pursuit of one's own welfare and interests results in the highest good (Fisher and Lovell, 2003). Egoists encourage individuals to be responsible to themselves and use their own rational thinking and reasoning to judge what is right or wrong and to seek happiness for themselves and not for others. Individuals can still have virtues, such as, integrity and honesty, but have independence from others. Egoists are self-centred and individualistic, do not sacrifice themselves for others and do not expect others to sacrifice for them. Children in Britain might be encouraged to take an ethical egoistic view to be independent from their family and to use individualistic ethical thinking, reasoning and their own rational judgment as the guiding principles of their life. Therefore, examples, such as, children moving away from their parents or sending an elderly parent to a nursing home are more morally acceptable in Britain than China. In a collective society, ethical egoism is not seen as morally right and may not be encouraged as it is in an individualistic society.

The followers of egoism in a modern business context would take the ethical view of amorality (Fisher and Lovell, 2003). Ethical egoistic managers would follow whatever laws and regulations require them to do as long as the consequence of their decisions satisfies the interests of themselves or their companies. This can result in amoral

business behaviour. If the nature of business is amoral, managers are expected to take an ethical egoistic view in making decisions. It does not seem to matter where managers originate from because any differences between their ethical educations could have been diminished in business rationale thinking.

Utilitarianism teaches individuals to make decisions to satisfy the majority rather than the minority. Jeremy Bentham 17th century's principle of utility is that an action is morally right if the action produces the greatest happiness for the greatest numbers. Furthermore, John Stuart Mill in the 18th century also believed that happiness could be measured, and the purpose of a moral action is to achieve the greatest overall happiness (Fisher and Lovell, 2003). Utilitarianism provides a flexible, result-oriented approach to moral decision-making (Beauchamp and Bowie, 2003). Although this ethical philosophy has been most commonly accepted in Western countries with Anglo-Saxon ethnic origins (Crane and Matten, 2007), this seems to be also applied in other cultures. For example, the voting system used in different countries (from general elections to a family trip) appears to follow the utilitarian ethical reasoning of achieving the satisfaction of the majority.

In business context, utilitarianism is often used by managers in their moral decision-making as it makes sense to business and is well suited to traditional cost-and-benefit analysis in business thinking (Fisher and Lovell, 2003; Audi, 2005). To make 100 employees redundant seems to be a morally right decision if the consequence of this action could save the company's future and therefore save 2000 employees' jobs and the happiness of their families.

Summary of Ethical Differences between China and Britain

For over 2000 years, Confucius's teaching has centred around harmony in human relationships and could significantly influence Chinese managers' moral behaviour. Decisions could be deemed morally right if managers considered human relationships before considering rationality and law, especially when dealing with others from different social groups. It was believed by Confucius that if everyone had good relationships with each other, society could be in harmony. Chinese managers are taught the importance of family and social groups. It is deemed by them to be morally

right to look after each member of one's family and social group and to be loyal to them.

In modern China, reciprocity allows people to give and receive favours through their relationships and personal connections with others. The uncontrollable use of such relationships by Chinese for achieving individual self-interests has become a phenomenon in China. Somehow, this kind of practice is not quite the same as what Confucius understood reciprocity to be. Chinese traditional ethics teach individuals to judge right or wrong at a collective level rather than at an individualistic level.

Utilitarianism teaches British managers to consider the benefits of the majority over the minority. Self-interest and self-development are especially emphasised by egoism, which is contrary to Confucius's teaching of ethics in which individuals should not ask what their rights are or openly display an egotistical drive. Western ethics guide British managers to be concerned about rationality and law in their decisions, whereas Chinese managers regard the importance of human relationships, harmony, family and the group.

In short, and in contrast to deontological ethical theories, teleological ethical reasoning focuses on the consequence of an action. The examination of ethical egoism and utilitarianism ethical theories helps us to understand the potential impact these ethical teachings might have on a British managers' way of judging what is right or wrong. Although egoism seems to be in significant contrast with traditional Confucian ethical teaching, the implication of these ethics in business still mean that the Chinese and British managers who take ethical egoists' view could behave similarly. After comparing Confucian and major Western ethical philosophies, utilitarianism appears to be the one which shares similarities with some aspects of Confucian ethical teaching. In making business decisions, utilitarian calculation and a cost-benefit approach to ethics seems to be the easiest one for managers to take.

Individuals from different countries behave differently not only due to ethical differences, but also cultural differences appear to have significant links. Hence, it seems important to have a detailed examination on the cultural differences between

China and Britain and their impact on Chinese and British managers' ethical behaviour. The next section elaborates upon this.

Cultural Differences

Ng (1998) states that culture is absorbed into people's personality through socialising within the culture of which they belong, and people's behaviours could be significantly influenced by their cultures. As this research project aims to investigate the managerial ethical behaviour across China and Britain, an evaluation of the cultural differences between the two countries is essential for understanding this subject.

China has a collective culture, which emphasises harmony and order, interpersonal relationships, the structure of hierarchy and group loyalty (Ying, 2001; Bjorkman, Smale, Sumelius, Suutari and Lu, 2008). As Hofstede and Bond (1988) concluded, individuals who are from the nations with high 'Confucian Dynamism' scores, have special values, such as, persistence, ordering, relationship by status, thrift and having a high sense of shame. In comparison, British culture is more individualistic, short-term orientated, lower on power distance, less uncertainty avoidance and mixed scores on masculinity. They are more egalitarian, information and truth-seeking orientated compared to Eastern cultures (Hofstede, 1994; Graham and Lam, 2003). Evidence presented by Wang et al. (2005) and Bjorkman et al. (2008) demonstrates that Chinese managers are more likely to hold onto their traditional values, compared to Western managers, which could indicate possible moral behavioural differences between UK and Chinese nationalities.

It seems that, on a cautious note, it could be stated that, generally, Chinese managers are more likely to be expected to fulfil their social roles in the hierarchical structure of relationships with others and are taught to show respect to people who are superior to themselves. Influenced by this distinctive culture, Chinese managers are less likely to directly question if there is a contradiction between what they believe is right and what their superiors believe is right. Chinese culture requires individuals to avoid any uncertainties, which could potentially damage their relationships with others. Chinese managers often have a mentality to position themselves in the middle ground when

resolving conflict. In comparison, British managers would generally appear to be unafraid to question what they think is an incorrect decision. British individuals are encouraged to be independent and work hard to achieve their objectives by showing their individual abilities according to Hofstede's research finding.

The possible cultural differences summed up above could explain why Chinese and British managers behave in certain ways, as several empirical studies' findings can support the link between cultural differences and ethical behaviour. For example, in Chen, Tsui and Farh's (2002) study, Chinese employees were found to be extremely loyal and committed to their supervisor in their in-group under the influence of the collective culture. In the case of personal relationships, the evidence presented by Seligman (1999) shows Chinese give favours towards their family members and friends even in decision-making in a business context. Interpersonal relationships allow people to get what they need in a more convenient way by relying on their personal connections (*guanxi*) (Bjorkman et al., 2008). This part of Chinese culture could lead Chinese managers to have certain ways of behaving, which might not be agreed by their British counterparts. For example, Chinese managers might be happy to offer a job to their relatives or friends without even thinking that it might be nepotism. Chinese managers believe that having close relationships with powerful persons can resolve potential conflict in any business operation, this could lead Chinese managers to have little knowledge and dependence on laws, which might be quite different from the British. As evidence given by Ng (1998) illustrates, law has an important role in guiding what is right or wrong in Western business operations because Western management appears to emphasise rational economic activities and rational decision-making. Also, Chinese workers are more likely to keep negative things from their top managers and not 'blow the whistle' compared to British counterparts. This is believed to be influenced by the 'high uncertainty avoidance' and 'power distance' cultures named in Hofstede's study. These culturally affected behaviours create significant management problems for joint-venture companies as stated in several studies (see, for example, Ng, 1998; Seligman, 1999).

In the previous two sections, ethical and cultural traditions of China and Britain have been presented and differences between them explained. If traditional ethics and cultures can indeed provide individuals with guidelines for essential social conduct

(Ying, 2001), it is important to draw attention to the significance of investigating Chinese and British managers' moral behaviour and its connection to the differences in ethical and cultural backgrounds between China and Britain. The following sections explore further the field of cross-cultural ethical behaviour studies to gain evidence on the ethical and cultural influences upon an individual's ethical behaviour. Hence, this will help support the understanding of differences in managerial ethical behaviour between China and Britain.

Comparative Studies in Cross-Cultural Ethical Behaviour

This section examines empirical studies to evidence the links between ethical and cultural influences on individual ethical behaviour across countries and cultures. At the start of this study, minimal research has been conducted in comparing Chinese and British managers' ethical behaviour. Existing work has largely compared ethical behaviour between respondents from the US and European countries or the US and Asian countries.

A widely cited early work was Fritzsche et al.'s (1995) study, which explored the ethical behaviour of managers from four countries: the US, Japan, Korea and Taiwan, using vignettes to present ethical dilemmas to managers. The results indicated that the managers' ethical behaviours from the three East Asian countries were different from that of the American managers. Asian and Western cultural characteristics appear to have significant influence on how managers behave when facing ethical issues as pointed out by Fritzsche et al. This led to a number of academic studies on cross-cultural ethical behaviour. These studies have a number of common themes surrounding ethical behaviour, such as, ethical attitude, ethical perception and ethical decision-making (see, for example, Clarke and Aram, 1997; Vitell and Paolillo, 2004; Ergeneli, 2005).

Significant research has also been conducted comparing individuals' ethical behaviour between West (e.g. North America, Europe and Australia) and East (e.g. Hong Kong, Japan and Taiwan). These studies appear to primarily focus on the comparison between the US and Asian countries. Nevertheless, such studies can provide us with an understanding of possible moral behavioural differences which

individuals have from Eastern and Western countries and cultures, which are particularly relevant to this research. For example, in Fritzsche et al.'s (1995) study, Asian managers from Japan, Korea and Taiwan do not consider activities, such as, 'pay off' for entering the market or bribery, as unethical. In contrast, US managers consider such activities as illegal or unethical. As these three East Asian countries are also influenced by Confucian ethical teaching, using connections and relationships to get business done appears to be the business norm. Such moral behavioural differences could also be expected to be found between Chinese and British managers.

Tse, Lee, Vertinsky and Werhung's (1988) study provided a useful insight, as the authors pointed out that managers' ethical behaviour in making decisions could well be predicted by their cultural background. This work was based upon research into the influence of Chinese and Canadian managers' home culture on their decision-making in an international market (cited in, Armstrong, 1996). Tse et al.'s claim could be supported by findings from several later studies (see, for example, Swinyard, Rinne and Kau, 1990; McCabe et al., 1993; Whitcomb et al., 1998). Several other studies also supported the evidence that Western and Eastern individuals have different ethical perceptions and make different ethical decisions (see, for example, Armstrong (1996) with Australian, Malaysian and Singaporean respondents; Erdener's (1996) study comparing American, Mexican, Chinese and Korean business graduates; Allmon, Chen, Pritchett and Forrest (1997) involving Australian, American and Taiwanese business students).

Later research highlights the use of Hofstede's (1980) cultural dimensions (especially, power distance, uncertainty avoidance, individualism-collectivism, long-term orientation) to explain why there are moral behavioural differences between individuals from different cultural backgrounds (see, for example, McCabe et al., 1993; Vitell, Nwachukwu, and Barnes, 1993; Priem and Shaffer, 2001; Christie et al., 2003).

Hofstede (1980) argued that the individualism-collectivism dimension is the one most closely associated with moral dilemmas because it reflects individuals' relationships with society; - individuals in a collective society are much more likely to do their best

for the group's whole success rather than personal achievement. This characteristic was evidenced to influence individuals' moral behaviour in the research findings of several cross-cultural ethical behavioural studies. In McCabe et al.'s (1993) study, the authors discovered that Asian students provided test questions to other Asian students but not to others because they felt that they were helping their in-group members. Managers from Taiwan were found to place more value on their company's and in-group's interests compared to the American managers in Lu, Rose and Blodgett's (1999) research. In Priem and Shaffer's (2001) study, Hong Kong Chinese managers showed relatively uncaring behaviour towards others in the society. These research findings indicate the likely ethical behavioural differences between Chinese and British managers and possibly why there are such differences.

McDonald and Pak's (1997) study evidenced that, the respondents from a 'long-term orientation' culture (as stated in Hofstede's study) had been found to cover up personal errors, protect dishonest employees and avoid 'blowing the whistle' due to 'saving face'. Similarly, Lu et al. (1999) and Woodbine (2004) also point to the idea that Confucian dynamism has a negative impact on ethical business behaviour because reciprocity with the association of personal relationships would lead individuals to act unethically in the workplace. In Chan, Feng, Redman and Snape's (2006) study, the authors found that Chinese high power distance culture had an influence on their Chinese respondents' ethical behaviour. They were more likely to tolerate their supervisor's incapability compared to British respondents. Findings from this empirical research give evidence to support the moral behavioural differences between Chinese and British managers.

Interesting research findings from empirical studies have suggested that changes occurred in the ethical behaviours of individual managers when they operate in different ethical and cultural environments which is helpful for understanding the likely change of ethical behaviour of British expatriate managers in China. First, Lee (1981) investigated British expatriate and local Chinese marketing managers' ethical beliefs in Hong Kong. The author reported that their decisions were similar and suggested that, the expatriate managers in his study practised the principle of 'when in Rome'. Deng (1992) discovered a widespread practice of gift-giving amongst New Zealand international companies, with reports that half of the international managers

thought that ‘gift giving’ in international business was ethical, and most of them believed that they should adopt local business customs and traditions even when they knew such practices were wrong in their home country. Spicer et al. (2004) concluded similarly when comparing ethical behaviour between US managers working in Russia and the US. The authors reported that expatriate US managers’ behaviours differed significantly from US home-based managers. The authors concluded that local Russian norms and standards moderated the effect of the expatriate managers’ own US national ethical and cultural standards towards their ethical behaviour in decision-making. Spicer et al.’s (2004) study details how managers’ ethical behaviour changes when they move from one location to another.

The above findings suggest that, regardless of cultural differences between two countries, the culturally-situated decision-makers behaved similarly to the locals after a period of time of working in the local environment. Can we expect British expatriate managers to behave similarly to their Chinese counterparts after they have been working in the Chinese business environment for a while? Some other researchers’ arguments have also supported the claim that individual ethical behaviour will change. Pettit et al. (1990) points out that the morality individuals applied in business may change depend on given circumstances; and White (2002) stated that the major influential factors affecting ethical behaviour are environmental and short-term; even a person with high morality may act quite unethically according to a change of environment. These authors’ arguments could support the possibility of similarities between British expatriate managers’ ethical behaviour and those of their Chinese counterparts when facing moral dilemmas in local business environment.

These changes in culturally-situated decision-makers’ ethical behaviour are not well understood, nor are the processes and underlying causes behind them. In addition, local managers who work for MNCs could be also identified as culturally-situated decision-makers because they have to officially obey the ethical standards of their company. For these local managers, their companies’ cultural and ethical standards might be very different from those of their own society. MNCs’ local managers may or may not agree with their company’s home standards being implemented in the local environment because of their ethical background and understanding of the local business environment. How do local managers make sense themselves as to what is

the right decision to take when they face such moral dilemmas? Therefore, it seems even more important to conduct research such as this, which aims to understand both Chinese and British managers' moral behavioural processes which underpins their decisions.

Summary of Cross-Cultural Ethical Behavioural Studies

Literature regarding cross-cultural ethical behaviour studies is large and diverse. Comparisons are made between the ethical behaviours of individuals from different countries; likely causes of ethical behavioural differences were mainly focused on cultural differences which also linked to Hofstede's cultural dimensions. The majority of these studies concluded that individuals from different countries or cultures make different ethical decisions, and have different ethical attitudes and ethical perceptions. The dominant methodologies employed in such studies revolve around studies that measure individuals' ethical decision-making, ethical perception, and ethical attitudes. Measurement tools are typically vignettes and scenarios which present ethical problems in hypothetical situations.

After reviewing the existing literature, it seems that ethical and cultural differences between individuals from different countries appears to be the major influence on the ethical behavioural differences between them. Hofstede's culture differences seem to explain why individuals from different countries behave in the way that they do. Research has also indicated that individuals' ethical behaviour could change when they are in a different environment over a period of time. The evidence gathered from reviewed literature is important for the understanding of this research topic.

China's economic reform and its influences on Chinese traditional ethics and culture has been important in transmitting knowledge about emerging Chinese business and its effects upon social morality and culture. This assists the researcher and reader to gain an improved understanding of the business and social environment of China. Such environments are believed to have significant influence on managerial moral behaviour in decision-making.

Since China's economic reform started in 1980, it is believed that Confucian ethics and values have gradually lost their influence upon Chinese managers' moral behaviour when making business decisions in modern China; instead, market ethics and values have recently become the key factors (Erdener, 1998). These are believed to most influence Western managers in their decision-making. Hence, the important question, could there be any similarity expected in the moral behaviour between Chinese and British managers under the influence of a market economy? The following sections further examine China's economic reform and its connection to the recent moral and cultural changes in China.

Recent Changes in Chinese Business and Social Morality and Culture

Several Chinese and Western scholars, such as, Lu (1997, 2009), Ying (2001), Hanafin (2002) and Wang (2002), have discussed the changes in the economic system in China and the influence of the Western power of globalisation upon Chinese business ethics, ethical and cultural traditions, and social morality. Other studies from Hanafin (2002), Islam and Growing (2003), Wright, Szeto and Lee (2003), Redfern and Crawford (2004) and Hermann-Pillath (2006) focus on the relationships between economic changes in China and changes in cultural values, morality, business culture and practices, and traditional business ethical principles in China. Research findings support the premise that business culture in China has altered (Islam and Growing, 2003; Hulpke and Lau, 2008). The following section discusses the influences of economic reform and globalisation on Chinese business ethics and social morality.

Chinese Economic Reform and Changes in Social Morality

China is recognised as an economic superpower and a fast growing market (Teng, 2004). However, from a planned economy to a free market, the influence of Chinese economic reform on the changes in social morality has been debated by many researchers (see, for example, Whitcomb et al., 1998; Hanafin, 2002). It is believed that the examination of the literature in this area could help us to understand the unique business environment where local Chinese and British expatriate managers are together and might possibly explain their moral behaviours.

Wang (2002) states that Chinese society has gradually become a capitalist society since economic reform began in 1978. Wang stressed that socio-cultural and economic changes have contributed towards the collapse of Mao's communist moral orders. To promote socialist or communist values seems cynical in modern China. Mao's slogan 'to serve the people' has failed to find individuals to put this moral value into action. Wang argues that the absence of a new moral order to sustain China's emerging capitalist society may result in serious social problems. The widespread corruption at different levels of Chinese society being a good example (Shafer, Fukukawa and Lee, 2007; Hung, 2008).

Harvey (1999) and Ying (2001) argue that the moral rules and regulations, business ethics and professional morality have not kept up with the speed of China's economic reform. They further state that insufficiencies in the legal system with inadequate laws as well as Chinese people's lack of awareness about professional ethics and social responsibility have speeded up morality change in Chinese society in recent years. Wang (2002) uses the term 'naked self-interest' to describe social behaviour in modern China. This ranges from "*environmental pollution, misuse of public expense, bribery and corruption, to making fake products that puts human life at risk.*" (p.9). These arguments indicate the rise of egoism in Chinese society.

Scholars believe that egoism is the main cause of individuals' 'self-interest mentality' in China. Ying (2001) emphasises that China is suffering its worst moral decline in history. Self-interest has driven individuals in China to become immoral with Chinese business people putting profit before morality. Ip (2003) argued that as material achievement has become prevalent in China, the country has become a soulless market society. Traditional human relationships, culture and values have all been affected. Human relationships have become commodities, and are now based on 'who one is' and 'what kind of benefit one can get from the relationship'. Harvey (1999) states that 'money-worshipping' has spread widely in Chinese society, a fact Ying (2002) reiterates and notes that the expression 'money is power' has become the popular credo spread throughout China and has caused large-scale corruption.

Chinese individuals have become more money-oriented and materialistic with increasing self-centred values and egoistic views on judging what is right or wrong (Piron, 2006; Chan and Zhang, 2007). Traditional ethical values and culture have been challenged and China faces moral decline (Kang, 2006). How are traditional Confucian ethics and culture applied in the context of business?

Ethics in Chinese Business and Chinese Business People

Traditional business ethics have gradually lost value during economic reform. Several researchers have given pessimistic views on the Chinese business ethical environment in recent years - mainly focusing on bribery and corruption as well as lack of legal systems (see, for example, Snell and Tseng, 2002; Tam, 2002; Wright et al., 2003). Hulpke and Lau (2008) declare that the increasing pressure of market competition has naturally pushed business people to pay most of their attention to economic gains in China. To get business done effectively, business people seek friendship or create friendship with civil servants and government officials (Ying, 2002; Lu, 2009). This kind of personal relationship is known as *guanxi*.

Numerous attempts have been made to define *guanxi* in business terms. Su, Sirgy and Littlefield (2003) define *guanxi* as a type of human connection and relationship which requires long-term cooperation between business partners. *Guanxi* plays an important role in the process of operating business in modern China and has been emphasised by several researchers (see, for example, Ip, 2003; Su et al., 2003; Millington, Eberhardt and Wilkinson, 2005; Su, Mitchell and Sirgy, 2007).

Vanhonacker (2004) states,

“In the West, relationships grow out of deals. In China, deals grow out of relationships. The cultivation of guanxi is an integral part of doing business [in China].” (p.49).

Vanhonacker stresses that individuals could be treated with more respect by others if they have good relationships with government officials. In modern Chinese society, people can get things done quickly if they have a relationship with whoever has power

and authority in the government according to Koehn (2001). Seligman (1999) informs us,

“If you have guanxi, there is little you can’t accomplish. But if you don’t, your life is likely to be a series of long lines and tightly closed doors, and a maze of administrative and bureaucratic hassles.” (p.34).

Seligman (1999) suggests that people or companies with the right *guanxi* could even break rules and regulations in China. However, *guanxi* is controversial according to Western business standards and might be seen as unethical by Westerners (Chan, Denton and Tsang, 2003; Vanhonacker, 2004). Concern expressed by Fan (2001) points out that this is corruption if business people use *guanxi* as a strategy to gain competitive advantages from government officials. Fan argued that *guanxi* is an *“inevitable evil under the current political and socio-economic environment”* which allows personal gains to be acquired through such *guanxi* practices at the expense of other Chinese people (Fan, 2001, p.376). The question is, how easy would it be for either local Chinese or British expatriates to follow this local practice if they want to make good business progress in China?

To build good *guanxi* with someone involves the ‘giving of gifts’ in China. Seligman (1999) stressed,

“Foreign and local companies alike spend heavily to establish and maintain relationships with those who run and influence China’s powerful government organisations and state-owned conglomerates. The payoff maybe personal, ranging from a job or foreign university admission for a senior official’s child, to a discreet, but technically illegal, transfer of funds into a Hong Kong bank account.” (p.34).

In Millington et al.’s (2005) study, the authors report that UK companies operating in China experience significant problems with ‘gift-giving’ that is associated with *“illicit payments, corruption and the pursuit of self-interest”* (p.255). Such activities are problematic. According to Tian (2008), briberies in China now even include *“offering*

officials stock market shares, expensive cars, big houses, luxury overseas travel and even sexual services” (p.437).

In summary, following rapid economic growth in China, problems have increased with the shifting of moral standards and values. Traditional ethics and culture seem to have been taken for granted, misused and twisted by individuals who seek quick self-gain. The Chinese business environment is unique and complex and is controlled by the communist party under a market economy with a widespread culture of bribery and corruption organised through the web of *guanxi* (human relationships). In such a business environment, how easy is it for managers who work for British companies (either Chinese or British) to conduct their businesses and to make decisions which are morally sound?

Chapter Summary

Since China opened its door to overseas companies in the early 1980's, there has been increasing investment by British MNCs in China and, furthermore, plans for some growing Chinese MNCs investing in Britain are underway. The literature reviewed in this chapter provides an understanding of the ethical and cultural traditions which can influence the behaviour of Chinese and British managers. Moreover, this assists the investigation into the reality of managerial moral behaviour in decision-making when facing moral dilemmas.

This chapter has reviewed the traditional ethical philosophies and cultures, which are believed to have significant influence upon individuals' moral behaviour in China and Britain. A clear indication is provided in the early part of this chapter that the ethical and cultural traditions in China and Britain are different. Confucian ethics focus on decisions in collective situations, whereas Western ethics are more individualistic. A decision could appear to be morally right to a Chinese person as long as human relationships between the parties involved can be maintained. In such cases, Chinese often prioritise human relationships and social harmony as the most important issues when making ethical decisions. They have a high degree of acceptance to restrain their own views and therefore adapt to or tolerate the rules of others in their social groups. By contrast, Western ethics guide the British to consider rationality, law,

rights, freedom, entitlement, equality and justice when making decisions. The potential moral behavioural differences are clearly indicated here.

The Chinese and British cultural traditions summarised are well correlated by, for example, Hofstede in his list of cultural differences between China and Britain. China has a high power-distance culture in contrast to Britain. This culture is often reflected in the relationship between subordinate and superior, as research findings demonstrated that Chinese subordinates are much less likely to disagree with their superiors' opinion than are British individuals. Chinese high-uncertainty avoidance culture is in contrast with British low-uncertainty avoidance. Such culture is often reflected in the Chinese gesture of taking the middle ground when trying to resolve conflicts, whereas the British are more likely to take a more extreme viewpoint. Furthermore, China is known as a relationship-based and group-oriented society with a collective viewpoint. Britain is an individualistic society. The Chinese rely on relationships and groups for protection, and encourage using the power of their relationships to achieve objectives. By contrast, British individuals are encouraged to be independent, they use the law to protect them and they work hard to achieve their objectives by applying their individual abilities. All these research findings suggest that the differences in how Chinese and British behave and act is related to the cultural differences between the two countries.

Confucian reciprocity is an essential moral code for maintaining relationships with others in China. Although the ethical side of this kind of modern practice is no longer quite the same as that of Confucius's reciprocity, personal relationships have been widely accepted by the Chinese as a powerful communication tool. However, this kind of practice could be quite different from that of Western countries, such as, Britain.

Scholars have argued that Chinese Confucian ethics and cultural traditions are gradually losing their influence over Chinese people's moral behaviour in modern China. The Chinese have become more self-centred, more materialistic and money-oriented than ever before. Market ethics and values are taking over and could now be the key factors which influence Chinese managers' moral behaviour when making business decisions in a capitalistic Chinese market. Unethical business behaviour is

commonplace. Materialistic profit motivation (traditionally thought of as the factor which most influences Western managers), now appears extensively as the factor influencing the behaviour of Chinese business people when making business decisions.

Empirical studies have given evidence regarding cultural influences upon individuals' ethical behaviour. Cultural differences between individuals from different countries appears to be an influential factor upon individuals' ethical behaviour. A number of cross-cultural comparative empirical studies conclude that individuals from different cultural and national backgrounds have different ethical behaviours. Although a number of studies suggest that this is not always the case, there is considerable evidence that individuals' ethical behaviours are different between West and East. Researchers concluded that the ethical behaviours of Chinese respondents are significantly different from those of Westerners and have also published findings about changes in culturally-situated decision-makers' ethical behaviour. These indicate that individuals' ethical behaviours changed after they had been in a different environment with different ethical standards and cultures for a significant period of time. Hence, these types of study question the influence of the national context on individuals' ethical behaviour, especially in the application of the individuals who work in a different ethical and cultural environment.

The next chapter explores how managers behave morally by investigating the four-component moral behaviour model developed by James Rest. This model can help the researcher and reader to understand individuals' moral behavioural processes when making decisions in moral dilemma.

Chapter Four

Moral Behaviour

Introduction and Chapter Overview

The last chapter presented literature regarding the ethical and cultural differences between China and Britain as well as empirical studies which investigated cross-cultural moral behaviour between individuals. To fully understand both how managers make decisions when facing moral dilemmas and their moral behaviour, this chapter explores James Rest's (1983, 1986) four-component model of moral behaviour, which focuses on the morality behind an individual's decision by examining individual moral behaviour. The four components are moral sensitivity, moral judgement, moral motivation and moral character. Empirical studies on the different components of Rest's moral behaviour model are also investigated. The terms 'morality' and 'ethics' are used interchangeably in this chapter, as Rest believed that there were no distinctions found between the two terms by various researchers in applied ethics studies in his field (Rest and Narváez, 1994).

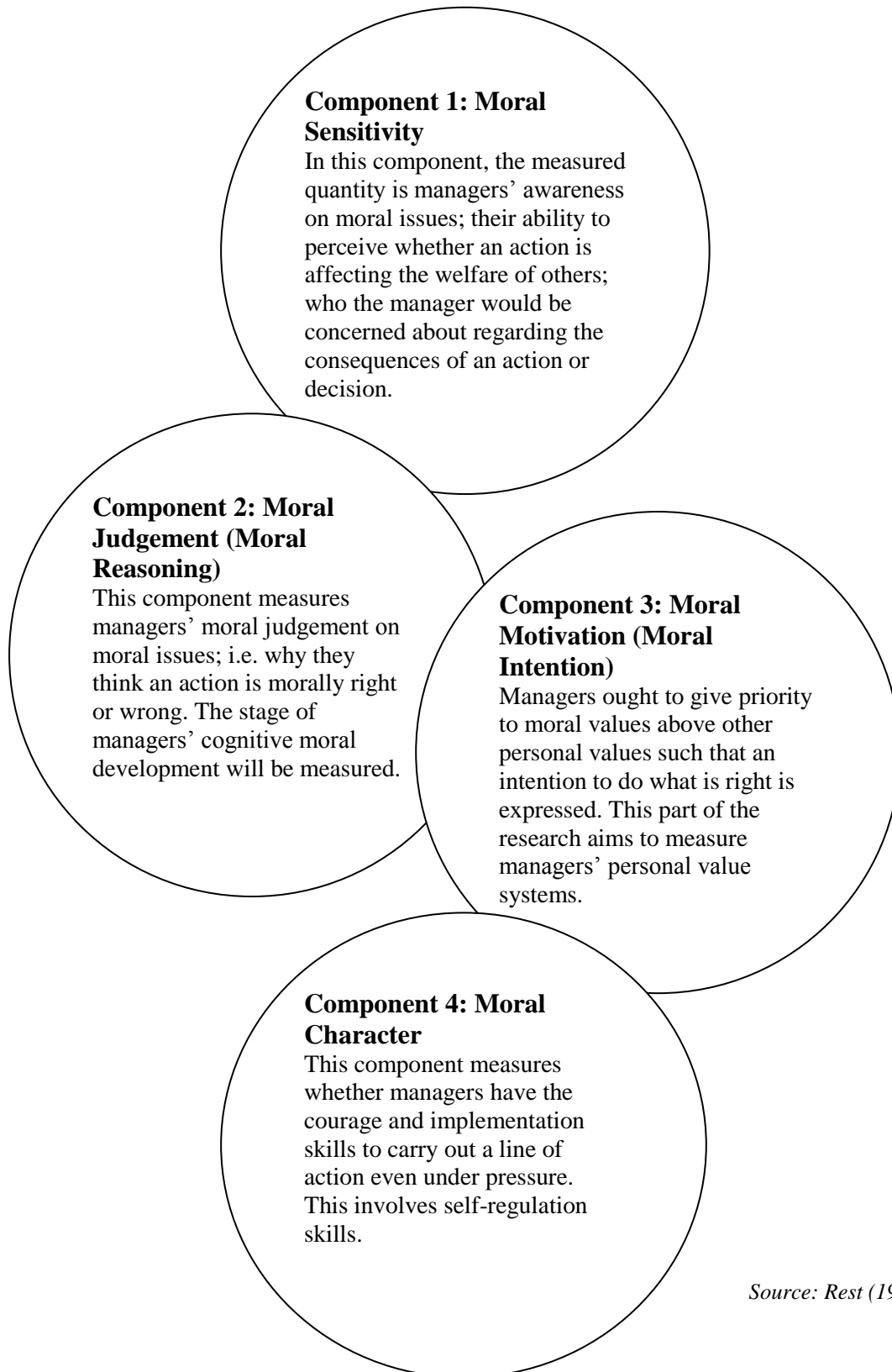
Rest's Moral Behaviour Model

Because this research aims to understand the moral behaviour processes which lead to a manager's final decision in business moral dilemmas, the researcher is required to interpret a manager's thought processes that support their choice of action and the underpinning rationale. Utilising Rest's moral behaviour model is argued to be the optimal procedure to adopt for achieving the aims of this research as outlined in the introduction. Rest (1983) was interested in finding out the inner thought processes of an individual who acts morally, which is essential for this current study. He emphasised that

“The psychologist's interest in ‘moral behaviour’ should be understood to be an interest in the pattern of behaviour in real-life contexts with attention to the inner processes that produced the behaviour. Without knowing the inner processes that gave rise to the behaviour, we cannot call it ‘moral’...This concern with situational context and the inner processes that produce the behaviour...is essential to understanding, predicting, and influencing moral behaviour.” (Rest, 1983, p.26).

There are four processes (components) in Rest's moral behaviour model. These four components are presented in figure 4.1 below.

Figure 4.1 Rest's the Four-Component Moral Behaviour Model



Source: Rest (1983)

Rest (1983) described the four inner thought processes behind an individual's action when facing moral dilemmas. These are: (1) interpretation of situations and identification of moral problems. This will involve various thought processes and the results of actions brought upon people involved in the situation; (2) thoughts of the best way to proceed which will involve a plan of action incorporating thoughts of fairness and justice; (3) evaluation of various plans of action and making a decision on which course of action to take regarding moral values; (4) the execution of the plan of action which they perceive to be the best course of action. This involves a self-regulation process and requires the strength to carry out the decision.

Each of these components is discussed in more detail below with the purpose of fully understanding each stage of the moral behavioural process for this particular research. Special attention is paid to components one, two and three (moral sensitivity, moral judgement and moral motivation) as these three components have received most attention from academic researchers (especially moral judgement). Kohlberg's moral development stages and Rest's defining issue test have been the dominant theories and research instruments for empirical studies related to moral judgement. Empirical research on any of these components is investigated and the important factors which could possibly influence different processes of individual's behaviour are also discussed. This research focused on managers from two countries and cultural groups (China and Britain), research findings from cross-cultural empirical studies using Rest's moral behaviour model can provide significant knowledge to the researcher. Therefore, the discussion on such studies are presented in the following sections.

Component One: Moral Sensitivity

Rest (1986) defined moral sensitivity as an awareness which an individual has of how his/her action can affect other people. It includes being aware of the people involved in the situation, possible actions, and the consequences of different actions which might have an impact on the different parties involved. Rest (ibid) stressed that moral sensitivity is an interpretive process in which an individual may or may not recognise that there is a moral problem in the situation. However, people's sensitivity to the needs and welfare of others are different (Rest, 1979), this can lead to various social issues such as insensitivity. 'Moral sensitivity' has also been called 'ethical

sensitivity', 'ethical perception', 'ethical awareness', 'moral awareness' and 'moral recognition' by other researchers (see, for example, Shaub, Finn and Munter, 1993; Armstrong, 1996; Butterfield, Treviño and Weaver, 2000; Patterson, 2001; Moores and Chang, 2006).

In a business situation where managers deal with ethical problems on a regular basis, ethical awareness is the first step for making an ethical decision according to academics (see, for example, Shaub et al., 1993; Butterfield et al., 2000). For example, if a manager is not even aware that giving a bribe is unethical, then there is minimal chance for him/her to make an ethical decision. However, in the case of moral dilemmas, ethical decision-making is not often simply a matter of right or wrong. In situations where managers are asked to give a bribe or commission in order to get contracts to secure business development, managers who are aware that bribes are ethically or legally problematic have to think how their decision is going to affect not only their personal ethical standards or the law, but also for the company's benefit and other parties involved. In the process of interpreting and understanding the situation, they might also be concerned with the consequence of different decisions for solving ethical problems. However, for some managers whose ethical approach is non-consequential, bribery is wrong regardless of the consequences. It is those managers who take a consequential ethical approach who might face difficult moral dilemmas in the process of balancing the cost and benefits of different parties involved and trying to work out the best decision. It is clear that moral awareness and the sensitivity managers have toward the moral issues they face is an important element for understanding managerial decision-making.

Empirical Studies on Moral Sensitivity

Empirical research on moral sensitivity was originally started and conducted by a group of psychologists (see, for example, Rest, 1979; Bebeau, Rest and Yamoore, 1985). Moral sensitivity has also been studied using scenarios in the business and management field (see, for example, Sparks and Hunt, 1998; Yetmar and Eastman, 2000; Moores and Chang, 2006). McNeel found that students had varying degrees of sensitivity to ethical issues (in Rest and Narváez, 1994). This interesting finding is supported by a theory developed by Jones in 1991. Jones developed the theory of

moral intensity, which emphasised that a moral issue itself could influence an individual's ethical decisions when faced with moral dilemmas. This theory emphasised the importance of moral issues themselves in the matter of raising individuals' awareness and sensitivity (Leitsch, 2006). For example, if managers are in a situation where they are presented with an issue involving a fatality, they might be highly sensitive to such an issue rather than if someone is going to be made redundant.

Moral issues seem to be able to raise the awareness and sensitivity of the individual decision-maker (Jones, 1991). Again, this can be conditioned by whether the decision-makers take a consequential or non-consequential ethical approach. For someone who believes killing is wrong, he/she will not kill regardless of the consequence. However, for someone, whose belief is that killing is wrong, but the consequence of not to kill will bring harm to their own family, he/she might have to kill – these 'pros and cons' are all weighed up mentally.

Interestingly, academic researchers have argued that not all individuals have the same moral sensitivity toward similar moral issues, individuals from different countries and cultural backgrounds have been found to have different levels of moral sensitivity even if they face the same moral issues (see, for example, Shaub et al., 1993; Schlegelmilch and Robertson, 1995; Sparks and Hunt, 1998). Some moral issues are culturally conditioned because of what is accepted as right or wrong in different societies, cultures and countries. For example, the giving of gifts is an important custom which has been practiced at every level in Chinese society as a way of building human relationships. Hence, Chinese managers would be less likely to be aware that it is a moral issue when they give expensive gifts to business clients in order to smooth progress. Similarly, child labour is not accepted in British society, so it is more likely to be an unethical issue for British managers than managers from some developing countries where children often work to support their families.

All these examples support the notion that the society in which we live could also teach us to recognise the moral significance of the issues which we face everyday. Individuals' moral awareness could be conditioned by moral issues which are culturally and socially related. This is supported by empirical evidence (see, for

example, Vitell et al., 1993; Ralston, Giacalone and Terpstra, 1994). It appears that individual's moral behaviour is not only influenced by their character/personalities, but other influences, such as socialisation can also play an important part. People are socialised to behave according to what is accepted in their own societies and cultures. Social and cultural influences on individuals' moral awareness have also been emphasised in the literature of ethical decision-making (see, for example, Ferrell and Gresham, 1985; Hunt and Vitell, 1986). These issues will be attempted to be understood as an aim of this thesis.

Possible differences between managers' moral sensitivity across different cultures and countries are scrutinised in this research between Chinese and British managers. It is important to understand the cultural differences between China and Britain and the possible links to differences in their sensitivity towards different moral issues because it is argued that their moral sensitivity influences their moral behaviour and final decision. Researchers have found the link between Hofstede's cultural differences and why individuals from different cultures have different moral sensitivity, especially notable between respondents from East Asian countries with collective cultures compared to Western countries with individualistic cultures (see, for example, Armstrong, 1996; Blodgett et al., 2001; Thorne and Saunders, 2002). According to these research findings, Chinese managers should be more morally sensitive to issues which would affect the interests of their in-groups. For example, their family members, people from their own country and culture or social group, who they are loyal to and pay respect to (Taylor and Moghaddam, 1994)

In short, the reviewed literature on moral awareness has acknowledged that an individual's level of moral sensitivity is influenced by the content of a moral issue itself. A person's ethical approach of consequentiality or non-consequentiality towards issues with moral concerns also plays a part at this stage. Individuals from different societies, cultures and countries have different levels of sensitivity towards moral issues which are culturally defined or defined as right or wrong by their societies. It is possible, with the contribution of existing literature to develop a good understanding of individual moral awareness, however, we need to recognise that empirical studies in this field have mainly utilised students as respondents and not managers.

It should be noted that managers often play dual roles, one in their personal life and the other in their professional life as mentioned in chapter two (on p.43). Some managers may not relate ethics to business and therefore would not have any sensitivity towards the parties involved, let alone the consequences of their actions. Others might make decisions according to whether the issue is morally right or wrong. However, for some managers, although they might be aware of the correctness of the issue involved, they have to be more concerned with the consequences of actions which can affect their company's interests, and therefore they might find it difficult to make decisions according to their personal moral sensitivity. Could we say it is those managers who might face moral dilemmas?

For a cross-cultural research project like this, it is very important to not only understand a manager's moral awareness and sensitivity, but also to consider the kind of moral issues which managers are sensitive to in China and Britain, as they operate in quite different business environments and are influenced by different ethical standards, culture and social norms. In the next section, the second stage of the moral behavioural process – moral judgment is discussed, where the researcher examines Kohlberg's moral development stages, Rest's DIT and how individuals from different countries might reason differently when considering what is a right or wrong action.

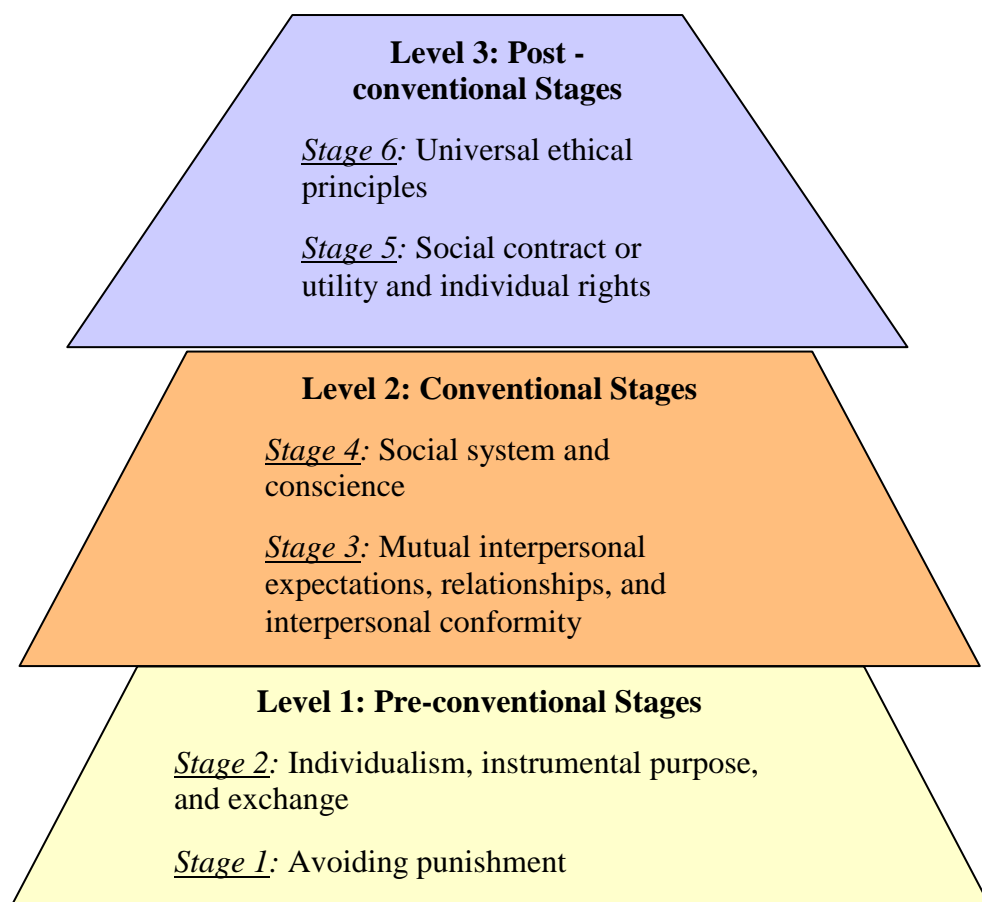
Component Two: Moral Judgement

According to Rest (1986), individuals can have very different moral judgements on what is right or wrong even on the same issue due to the influence of their social experiences. The important question for Rest was, 'how people make these judgements?'. Moral judgement is also named as 'moral reasoning' by researchers in this field (see, for example, Weber, 1990; Ponemon, 1992; Treviño, 1992; Weber and Wasielleski, 2001; Forle, 2004; Wimalasiri, 2004).

The major research tradition within moral judgement is CMD research by Lawrence Kohlberg (Kohlberg, 1981, 1984). In Kohlberg's book 'The Measurement of Moral Judgement', he pointed out that moral judgement is a crucial component of human morality. He concluded that there are six stages of moral development. Individuals

who are at different stages have a different definition of what is right or wrong and therefore their moral judgements are varied. According to Kohlberg, individuals who are at a higher level of moral development stage can be expected to behave more ethically than those at a lower level. Rest and other researchers also proved the reliability of the developmental hierarchy of moral judgement stages (Rest and Narváez, 1994). The six moral stages were clustered into three levels: pre-conventional, conventional and post-conventional levels with each level containing two stages (Colby and Kohlberg, 1987). The six stages of moral development are viewed in figure 4.2 below. A detailed explanation of Kohlberg's six stages of moral development is presented in Appendix 13.

Figure 4.2 Stages of Kohlberg's Cognitive Moral Development



Source: Kohlberg (1976)

A summary of these three levels of moral development is shown below.

1. Level One: Pre-Conventional Level - The Lowest Level (Stages 1 and 2)

Colby and Kohlberg (1987) stated that individuals at this level do not really value and maintain socially shared moral norms and expectations. Several researchers point out that the morality of individuals at this level is affected by self-interests. Therefore, their moral decisions are made and based primarily on rewards and punishments (see, for example, Robin, Reidenbach and Forrest, 1996; Arnett and Hunt, 2002; Soon, 2003). In the business world, the evidence of decisions purely made for self-interests of maximising profit at the cost of others' lives and welfares is numerous, such as, Shell's operation in Nigeria and Nestlé's infant milk powder fiasco in Africa. The consequence of unethical business decisions made by individuals purely seeking rewards for themselves and their companies are at the lowest moral development stage.

2. Level Two: Conventional Level (Stages 3 and 4)

Morality of individuals at this level should approach that of a 'conventional member of society' (Kohlberg, 1984, p.178) and are loyal to norms established by external groups (such as, society, peer groups). They are more likely to be affected by situational influences because they rely heavily on group or other external norms (Treviño, 1986; Arnett and Hunt, 2002; Soon, 2003). Morality of managers in business at this level would accept the norms and rules being practiced in the industry and apply the notion of 'common practice'. For example, conventional managers might think that bluffing in advertising is legitimate because it is the nature of advertising. They respect the responsibilities they have and their roles as managers who are paid to serve the company by shareholders.

3. Level Three: Post-Conventional Level – The Highest Level (Stages 5 and 6)

Kohlberg (1984) pointed out that individuals at this level are judged by principles rather than by convention and are able to separate themselves from the rules of others. They use self-principles to define moral values (Soon, 2003). Kohlberg pointed out

that stage six occurs rarely; therefore, his scoring guide does not include stage six in order to ensure reliability (Rest and Narváez, 1994). Kohlberg (1984) admitted lack of empirical support for stage six; therefore only the conventional levels can be reasonably expected to describe most of the adult population in society.

Kohlberg's three levels of moral development are interesting and useful for understanding the moral judgement of managers both on social, personal and professional levels but the research instrument is difficult to use and interpret. His student, James Rest, developed his own research instrument known as the DIT for investigating the different stages of an individual's moral development which is simple for researchers to use (Rest, 1979). The DIT is used in relation to moral judgement in the current research project and is introduced below.

The Defining Issues Test

Rest used a self-administered questionnaire which could be machine scored. It is a non-interview method of measurement and has been used to research the moral development of professionals, such as, nurses, doctors, accountants, dentists, veterinarians, athletes, journalists, counsellors and teachers (Rest, 1979; Rest and Narváez, 1994).

Researchers have used respondents from the business world, but most respondents seem to have originated from the marketing and accounting field (see, for example, Goolsby and Hunt, 1992; Castleberry, French and Carlin, 1993). Weber (1990) reported that managers were normally at the conventional level of Kohlberg's scale. Goolsby and Hunt (1992) discovered that marketing practitioners were at lower moral development stages compared to other social groups. Other studies include Castleberry et al.'s (1993) work on market researchers, and Wimalasiri, Pavri and Jalil's (1996) study comparing business students' and business managers' moral development stages. Considerable research has been undertaken in accounting and auditing (see, for example, Jeffrey, Dilla and Weatherholt, 2004; Chuang, 2005; Dellaportas, Cooper and Leung, 2006). The instrument has also been used and tested in cross-cultural comparative studies, such as, comparing Chinese and American respondents' moral judgements (see, Ma, 1988; Ma and Chan, 1988, for example) and

other nations (see, for example, Thorne and Saunders, 2002; Wimalasiri, 2004). Although, Rest's DIT was originally designed for use by psychologists, it has also been used in business research and in cross-cultural research. However, it appears that there is still a lack of research in managerial moral judgement in a cross-cultural context between China and Britain. It is considered by the researcher that Kohlberg's theory is suitable when using non-Western respondents for this research.

The Application of Kohlberg's Moral Judgement on Non-Western Respondents

Kohlberg's CMD was criticised as relying too much on the Western philosophies of Kant and Rawls and its use universally has been debated by scholars, such as, Vasudev and Hummel (1987). Researchers from East Asia, such as, Lei and Cheng (1984), Ma (1988) and Chow and Ding (2002), questioned to what extent Kohlberg's CMD is applicable to other cultures. They argued that because of China's collective culture and that Confucius' ethical teaching is different to Western ethical teaching, then the possibility exists that Kohlberg's theory would not be applicable to countries, such as, China, due to their different moral standards. For Chinese people, the highest level of morality is to be in harmony with others and loyal to social groups. Therefore, when Chinese people are rated at stage four of Kohlberg's moral development stages, it could realistically cover aspects of Kohlberg's stage five.

In defending Kohlberg's position, Rest and Narváez (1994) argued that Kohlberg emphasised that although ethical and cultural differences exist on the surface between countries, there are certain structural conceptions lying deep within the differences between ethics and cultures, which are fundamental to human nature regardless of where people originate. Rest and Narváez stressed that there were empirical studies conducted in over 40 different Western and non-Western countries which investigated individuals' moral development by using the DIT instrument. The findings from these studies support the assumption that DIT scores increase with age and education in every country, which indicates that Kohlberg's claim could be applied to individuals from non-Western countries.

Kohlberg's claim has strong academic foundation. In the context of this research, it can be argued that, although Chinese Confucian ethics propose that human

relationships are essential for social harmony, can one ever, for example, agree to nepotism? Chinese managers can therefore be more influenced in general by so called 'correct behaviour' via social groups rather than British managers. However, someone with fully developed human morality should know what is right or wrong and make decisions according to his/her moral judgement, irrespective of what society says about it. This should be applied to everyone from any society, culture or country because there are fundamental rights and wrongs. We might not see successful evidence of Chinese individuals who challenge the social norms in recent history because Chinese culture does not encourage such behaviour and Chinese rulers have always been authoritarian throughout history. However, evidence can be found in Britain with successful movements (women's rights and gay rights for example), where social convention has been challenged (Stychin, 2004; Edelstein, 2007).

It is important to understand Kohlberg's theory in terms of the classification of how individuals reason what is right or wrong. However, for this research, the matter of whether Chinese managers are less morally developed than British managers or vice versa is not as important as the investigation of how Chinese and British managers make their moral judgements, and how their ethical and cultural backgrounds influences the way they reason about what is right or wrong.

Cultural Influences on Individuals' Moral Judgement

Empirical studies suggest that individuals from different cultures have different moral judgment (Jeffrey et. al, 2004; Wimalasiri, 2004). Early empirical research in moral judgement found that people from non-Western backgrounds have different ways of judgement compared to Western individuals (Rest, 1979). Vitell et al. (2003) reported relatively few differences between individual managers' ethical judgements from Western countries. Differences between Western individuals' moral judgement and those of Asian individuals were also found in many later empirical studies. For example, Miller (1994) discovered a marked and consistent pattern of cultural differences in interpersonal moral judgement among Americans and Indian Hindus. Other studies reported that Asian respondents are at lower moral development stages than those of Westerners when using Hofstede's cultural dimensions (see, for example, Tsui, 1996; Ford et al., 1997; Tsui and Windsor, 2001). Thorne and

Saunders (2002) found that managers from North Western Europe place high value upon the legal system, whereas, managers from East Asia focus more on personal relationships in their moral judgement. These research findings have been verified by the work carried out by Ma (1988), Chow and Ding (2002). According to Kohlberg and Rest, the moral development theory and the DIT can be used universally, although this has been argued against by other academics who suggest that this instrument is primarily for use by Western participants.

The studies above claim individuals from different ethical and cultural backgrounds have different ways of reasoning what is right or wrong, especially between Western and non-Western countries. According to these findings, Chinese and British individuals' understanding of what is right or wrong can vary because of the differences in ethical teaching between the two countries as well as the cultural differences which can form different social norms. As conventional morality is expected for most adults by Kohlberg, the majority of Chinese and British managers are expected to have a conventional way of moral reasoning, that is according to what is accepted as right and wrong, in their societies.

Managerial Moral Judgment

Being in a business environment or even studying business appears to have an effect on how individuals reason what is right or wrong. Research findings showed that business students have a lower moral development compared to moral philosophy or political science students (Rest and Narváez, 1994). According to several researchers, business managers would perceive many ethical issues, such as, false business reporting, deceptive advertising and bribery, as being commonly practiced in business. Consequently, when they confront these types of ethical issue, managers often have a low stage of moral reasoning in resolving them (see, Weber, 1990; Weber and Wasieleski, 2001, for example). These studies presented the important issue of environmental factors on managerial moral judgment in business. For managers with conventional moral thinking, what is accepted as the 'right thing to do' in business would inevitably become the norm for forming their understanding of what is right or wrong when they make business decisions (Redfern and Crawford, 2004; Awasthi, 2008). However, how easy is it for managers not to follow the

‘conventional’ practices in business even if they have strong personal values and ethics?

Many researchers have already claimed that even individuals who have high moral thoughts could act immorally when they are under certain pressure (see, for example, Gilligan, 1982; Goolsby and Hunt, 1992; Fraedrich, Thorne and Ferrell, 1994; Robin, Gordon, Jordan and Reidenbach, 1996). These authors’ claims indicated that there was no definite connection between an individual’s personal moral judgement and moral decision. Even Kohlberg (1981) stressed that how individuals judge what is the right or wrong action to take and the action they actually decide to take might not be the same. He explained that individuals could intentionally put away their own sense of fairness and justice about what happened in a given situation in order to meet their higher authority’s decisions (Rest, 1979). Kohlberg’s claim could reflect the argument made by management scholars presented in chapter two on the issue of role conflict of managers as the consequence of compromising their personal ethics in business decisions. It could be concluded that managers might not be able to make decisions according to what they think is right or wrong in business situations. This is essential for understanding managerial moral behaviour in making decisions in business, especially when managers face moral dilemmas. It also indicates that managerial moral behaviour cannot only be concluded by testing their decisions, but also the processes of making their final decisions. Someone who made an unethical decision might not think the action he/she took was morally right personally, however, due to the situation they are in and other factors, they have to make a decision that is right for the circumstances.

It is interesting that managers from different levels and industries were found to have different moral reasoning (see, for example, Lee, 1981; Weber and Wasieleski, 2001). These research findings concluded that managers from a high managerial position are at a higher moral development stage than low-level managers; managers from service industries reasoned at a significantly higher moral development stage than managers from manufacturing industries; managers from the health care industry are at higher levels than managers from the construction industry. It appears that managers from certain levels of management, job roles or industries, are more likely to be able to

make moral judgement according to what they personally think is morally right compare to others.

In short, the second component of Rest's moral behaviour model – moral judgement had always been the focus both of Kohlberg's and Rest's academic research. How managers judge what is right and wrong is vital for the understanding of the whole process of managerial moral behaviour. In business reality, as in the evidence of many academic works, managerial moral judgement in real-life business situations is much more complicated than just testing individual managers' personal moral development stages by using the DIT in a social setting. Real managerial moral judgement is how they judge what is right or wrong in business situations. In a business context, how managers think what is right or wrong personally could be compromised by what is right for business, especially in the case of managers who accept the rights and wrongs according to business norms and practices. As personal moral thinking of managers might not be connected to their final decision, it is important to investigate what really motivates managers to make their final decisions as to whether they incorporate moral values or other competing values in the third component of Rest's moral behaviour model. Rest (1979) stated that an individual might identify a morally correct alternative in the second stage of the moral behaviour process - moral judgement; but if individuals give higher priority to other values over moral values, then behaviour might not reflect the moral ideal.

Component Three: Moral Motivation

Why it is important to investigate moral motivation as part of managerial moral behaviour? In an idealistic world, people would make moral decisions which are only motivated by moral values. However, in reality, individuals might make ethically sound decisions for self-centred motives. In the context of business, there already has been academic debate on the motives of the involvement of CSR which were presented in chapter two. Are MNCs motivated by altruistic, strategic or economic reasons? There are evidences of CSR being used as a public relation tool, as a fashionable trend, as a long-term strategy for the building of reputation and profit, and for avoiding punishment (Palazzo and Richter, 2005; Samuel and Ioanna, 2007; Jahdi and Acikdilli, 2009). Rest (1979) emphasised that moral motivation involves

intentions to behave morally, which results only if moral values emerge as the individuals' choice over any other conflicting values in their personal value system. For example, when individual managers were confronted with moral issues, they might clearly know what is morally right or wrong when they judge an issue in their thinking process according to their ethical principles, however, they might later consider their organisations' business values as top priority which governs their final decisions in a given situation. An individuals' personal value priority appears to be the essential part which determines if individuals behave morally. Researchers agree that value priorities have an important role in understanding and predicting individuals' behaviour when making decisions (see, for example, Wotruba, 1990; Chow and Ding, 2002).

Fisher and Lovell (2003) suggest that we learn our values through socialising with our friends, families and social groups in our personal private life. Managers also learn values from companies they are employed by. However, sometimes, it is difficult for us to apply the values we learn from our families, friends, social groups and societies in some particular situations. For example, should a senior manager blow the whistle and tell the truth about his/her company's gaining of a new contract in a developing country if the method of gaining the contract was bribery? Although our values tell us not to tell lies, some managers might find it is still difficult to apply their personal values in situations such as these because they are expected to be loyal to their companies and know that their jobs may be in danger if their companies fail to gain the contract. Another example is individual interpretation of values. Sometimes managers hide activities, which they consider to be irrelevant, from their superiors, for example, telling misleading information about targets reached when they know that they can 'catch up' later easily without need for their superiors to be troubled. Again, our values tell us not to tell lies, but omissions take place. The above two hypothetical examples indicate to us that although we have our own personal values, these values can be quite fragile in certain situations and circumstances.

In the context of business, many empirical studies have found value conflicts experienced by individuals who are in charge of making business decisions. Manson and Mudrack (1997) discovered that their respondents perceived greater conflict between personal beliefs and typical organisational demands. In some studies,

unethical decisions were often made by individuals when they had conflicting interests between moral values and company profitability (see, for example, Hoffman, Couch and Lamont, 1998; Soon, 2003). Various management research has indicated how the influences of company profitability and business competition affect business people's unethical behaviour (see, Baumhart, 1961; Blumenthal, 1976; Hegarty and Sims, 1978; Arnett and Hunt, 2002). This can lead directly to unethical decisions being made and can lead to disasters on a large scale, such as, the Bhopal catastrophe, or financial disasters, such as, the partial collapse of the British banking system due to unethical decisions being made in the pursuit of profit (Trotter, Day and Love, 1989; BBC news, 21st July 1999, 15th May 2009, On-line).

Although moral motivation appears to be an important process of moral behaviour, Rest had little in the terms of research instruments regarding this component. The research instruments for this component can be adopted from the research in personal value systems. Building upon the early work of Rokeach (1973) regarding the structure and content of human values, Schwartz (1992, 1994) attempted to identify universal values that are present in all cultures. He designed his own research instrument for investigating an individual's personal value priorities. Schwartz's value instrument includes 56 items that can be grouped into 10 value types, as illustrated in Appendix 13. These 10 values are: Universalism, Benevolence, Power, Achievement, Self-direction, Stimulation, Tradition, Hedonism, Conformity and Security. In a large-scale research project involving over 25,000 participants from 44 countries, Schwartz (1994) found that these 10 values were present and related to each other in consistent ways across different cultures.

Interestingly, cultural influences on individuals' moral motivation have also been reported by scholars. Managers from different cultural and social backgrounds or from different organisations have different values according to Fisher and Lovell (2003). In Moon and Woolliams's (2000) study, individualism and collectivism cultural dimensions were found to have certain impacts as to the extent managers would sacrifice their own self-interest for the common good. In an individualistic culture, an individual's personal and work life are emotionally separate, therefore, individuals give priority only to themselves and their immediate family's interests. Conversely, in a collectivist culture where the workplace is a source of emotional and

material support, the individual would be motivated to act for their extended family, groups, clan and community's interests. For example, Chinese respondents were found to be less likely to recall faulty products in order to protect their company's reputation compared to Western respondents (see, for example, Tse et al., 1988; Lee and Sirgy, 1999). Ralston (1992) also described that individuals in collective society tend to view maintaining a harmonious relationship as the moral ideal.

We know from literature that how an individual perceives what is morally right might not be what individuals decide to do because she/he might be motivated by other values rather than moral values. As individuals from different cultural backgrounds are more likely to have different personal value systems, they would be more likely to give different priorities to the values they considered as the most important to them (Tan, 2002; Sagie, Kantor, Elizur and Barhoum, 2005; Chang and Lin, 2008). The question is what kind of value managers would give priority to when they make decisions in business moral dilemmas across countries and cultures. As managers are expected to look after the interests of their companies and shareholders, would the priority inevitably be given to satisfy those interests? The answer has to be found through research into managerial moral behaviour regarding decision-making which is aimed at in this research. However, the majority of academic research on moral behaviour is focused only on moral decision/action rather than the moral behaviour process. The critical point is that even if a person made an unethical decision, for example stealing, it is still important to investigate why he/she did it. Similarly, a person can make an ethically sound decision but might have unethical motivation. To fully understand the complication of how managers solve moral dilemmas and their moral behavioural process in making decisions, it is important to not only focus on the final decision made by individuals, but also what an individual decided to do and how they got to their final decision. These are important parts of this research.

Component Four: Moral Action (Moral Character)

The final part of Rest's moral behaviour model concerns the translation of individuals' moral intentions into moral action (Rest, 1986). It seems that the moment before an individual made his/her final decision, probably, is the most difficult for the decision-maker psychologically. As Rest noted:

“Component four involves figuring out the sequence of concrete actions, working around impediments and unexpected difficulties, overcoming fatigue and frustration, resisting distractions and allurements, and keeping sight of the eventual goal.” (Rest, 1986, p.15).

Looking into Rest's words, such as, impediment, difficulties, fatigue, frustration, distractions and allurements, it is not difficult to imagine the sharp feelings and challenges individuals would have when making decisions in moral dilemmas. In the context of business, where managers could face diversity of ethical issues and moral dilemmas, making the right decisions in business moral dilemmas is not easy. Rest (1979) emphasised that individuals need to have inner strength and the ability to push and pull themselves into action. This indicates the difficulties and struggles that decision-makers can face in putting their thoughts into action, especially when facing moral dilemmas. In order to make moral decisions, Rest suggested that individuals also need to have self-regulation skills and strong character to go through this process of moral behaviour. Making decisions in business moral dilemmas in reality can be very tough and harsh. It again stresses the importance of investigating and understanding the feelings and challenges which managers have in finalising their decisions rather than just finding out what kind of decisions they made. However, Rest developed the moral behaviour model and focused his academic research mainly on the second component - moral judgement. The empirical research on moral decision has been completed by other researchers who focused on respondents' decisions to morally problematic issues by using scenarios or vignettes (see, chapter three).

In short, Rest's model does not include any factors which might influence an individual's moral behaviour, hence other scholars have designed ethical decision-

making models which attempt to identify possible personal and situational factors which might influence different stages of an individuals' decision-making process. These models use Rest's model as a foundation. Ethical decision-making is a complex and multi-dimensional process; individuals could behave in different ways even if they face the same ethical dilemmas as emphasised by Beu, Buckley and Harvey (2003). Bryson and Crosby (1992) stated that the process of ethical decision-making requires an individual's moral behaviour to be assessed against acceptable standards or norms. Several researchers have developed ethical decision-making models for helping both academics and practitioners to understand the process of making an ethical decision and possible factors that could potentially influence the decision-making process (see, for example, Ferrell and Gresham, 1985; Hunt and Vitell, 1986, 1993; Treviño, 1986; Ferrell, Gresham and Fraedrich, 1989; Wotruba, 1990; Jones, 1991).

As time elapsed, more researchers became involved in designing ethical decision-making models. For example, Treviño (1986) designed a model by incorporating Kohlberg's cognitive moral development which emphasised the reasoning aspects of moral decision-making. Bommer et al. (1987) developed a model which paid special attention to a broad range of environmental influences. Wotruba's (1990) model used Rest's framework to investigate sales managers' ethical behaviour using factors, such as, the characteristics of the decision-maker and situational moderators. Later, Jones's (1991) issue contingent model of ethical decision-making was again built upon Rest's model with the addition of a further dimension - 'moral intensity', which is a function of the moral issue itself in the ethical decision-making process.

Although the above ethical decision-making models provide guidelines to understand the processes with different individual and situational factors that can affect an individual's ethical decision-making process, the models have not, however, given a compelling account of the actual decision-making processes when individuals face ethical issues (see, for example, Ferrell and Gresham, 1985; Hunt and Vitell, 1986; Treviño, 1986; Bommer et al., 1987; Dubinsky and Loken, 1989; Jones, 1991). In addition, these models have not suggested how an individual's ethical behaviour in decision-making can be researched. Researchers simply presented a list of variables that may influence the process at each stage. Therefore, these models do not appear to

provide sufficient knowledge for understanding individual moral behaviour throughout the different stages of the whole process. It is hoped that this research will overcome some of the limitations of these models by overcoming several of their shortcomings in the understanding of individual moral behaviour.

One factor which appears to be important to this research is identified in many empirical studies. Tsui (1996) and Weaver (2001) both agreed that culture can influence an individual's ethical behaviour. Other studies also conclude that individuals from different countries have different ethical behaviour (see, for example, Erffmeyer, Kellor and LeClair, 1999; Pitta et al., 1999; Elahee, Kirby and Nasif, 2002; Samuelson, 2004). It has been claimed that because individuals experience different socialisation within their culture; then their particular culture can influence their ethical perception on issues and their moral reasoning on judging whether a certain action is right or wrong (Soon, 2003). Strong relationships are found between Hofstede's five cultural dimensions and an individual's ethical perception, judgement and behaviour (Vitell et al., 1993). Cultural differences between individuals' moral sensitivity, moral judgement and moral motivation exist in various studies investigating single components of Rest's four-component moral behaviour model as presented in the early parts of this chapter.

Although James Rest designed the moral behaviour model and the four components should be treated as a whole process for understanding moral behaviour, the whole model has often been applied on a theoretical level. On a research empirical level, the individual components have been investigated separately by using different instruments. There are researchers who only focus on moral judgment, whilst others are only interested in moral awareness/sensitivity or decisions. Some of these empirical studies have been presented in this chapter and most hold a positivist research orientation. James Rest himself was a psychologist with a positivists' research orientation into testing findings, but found it difficult to develop one research instrument which could test the whole process of moral behaviour. Only later, Robin Derry (1989), used a qualitative research strategy with semi-structured interview method and incorporated Rest's four-component moral behaviour model. She asked respondents (managers) to give examples of ethically sensitive issues in the workplace and then asked them to choose one which they had personally confronted.

Next, she asked several questions to investigate what kind of decisions the managers made and how these managers made the decisions in resolving moral dilemmas. She investigated what motivated the respondents to make their decisions and how they judged if their decisions were morally right or wrong.

In order to understand the whole process of moral behaviour in managerial decision-making, a qualitative research strategy should be applied together with the research instruments already existing in the field because this will give a more overall picture of the situation by making use of, generally, the available positivists instruments and utilising them in conjunction with a mixed research strategy.

Chapter Summary

This chapter has investigated Rest's (1983, 1986) four-component moral behaviour model: moral sensitivity, judgement, motivation and character. The literature presented assists us to understand how managers make their decisions, rather than merely know what kind of decision they make.

A lack of empirical research on understanding managerial ethical decision-making when facing moral dilemmas in the real-life business environment caused the researcher initially to focus on the psychological aspects of managerial moral behaviour when making decisions. The research aims were set to understand how managers actually deal with moral dilemmas and their moral behaviour which underpins their decisions. Rest's model was therefore adopted to understand managers' inner moral behavioural processes.

Differences were found between individuals' moral sensitivity across cultures and countries which has been linked to differences in culture. Additionally, differences in moral judgment using Rest's DIT as an instrument were discovered across cultures. East Asian managers were found to be more likely than Western managers to consider the importance of their relationship with others and shared norms when they judge whether actions are right or wrong. Researchers believe this is influenced by institutional norms and structures which are highlighted in Asian collective societies. Chinese respondents appear to be at lower moral development stages with lower

moral reasoning scores than those of Western respondents. Research findings suggest that managers in general appear to be in lower level moral development stages; and that their moral judgment could be affected by the type of industry, the level of management and the type of job that they do.

Individuals appear to have different value priorities across cultures as found by several researchers. Individuals prioritise themselves and their immediate family in an individualistic culture. In comparison, individuals in collective societies give priority to the interests of extended family, groups, clan and community. Value priorities play an important role in understanding and predicting individuals' behaviour when making decisions. Managers in general give priority to business interests and often fail to behave morally when making decisions. It appears that an individual's country and culture has a powerful influence on their thoughts and ideas which can affect greatly, in general, the decisions which they make.

Although the studies presented in this chapter provide useful knowledge, they focused on testing differences and similarities between respondents by taking a positivist research position. Such studies provide a fragmentary picture and cannot give a holistic view of managerial moral behaviour when resolving moral dilemmas.

Taking a different position from positivism, the researcher aims to understand how managers make decisions in moral dilemmas by exploring the moral behaviour processes which lead managers to make their final decisions, and how managers interpret, understand and make sense of themselves when making decisions whilst confronted by moral dilemmas. The next chapter therefore presents the research methodology of this project.

Chapter Five

Methodology

Introduction and Chapter Overview

This chapter identifies and justifies the selection of appropriate research methods and methodology used to fulfil the aims of this study, drawing on the extant literature discussed within chapters two, three and four. This chapter is organised into three parts: first, overall research strategy including research ethics and confidentiality issues; second, data gathering including sampling and access issues; third, data analysis.

The study sets out to examine particular phenomenon from two countries, China and Britain. It considers the analysis at individual level with the intention of comparing the research findings in different social-cultural settings by using identical research instruments. To gain a better awareness of social reality in these two different national contexts, it is useful to restate the aims of the study at this point and to consider them in the context of the research methods employed in this comparative research. The aims are set as follows:

1. How managers make decisions when facing business ethical dilemmas in China and the UK, especially under increasing business pressure for success in the context of globalisation
2. What differences and similarities exist between Chinese and British managers' moral behaviour governing their decision-making
3. What are the factors which respondents associate most strongly regarding their moral behaviour in decision-making.

Section One: Overall Research Strategy

Epistemological and Ontological Considerations

Chapter two illustrated the relationship between globalisation and MNCs and the emerging moral challenges arising in the interaction of a globalised business world.

Managers who work for British MNCs in China and the UK cannot escape the impact of globalisation and could face similar business pressure even when in different business environments and cultures. Because this research aims to understand how managers make decisions when facing moral dilemmas, the researcher is interested in understanding how these managers perceive themselves when making decisions in business related moral dilemmas which are associated with their work roles.

In organisational science, the dominant paradigm has always been positivism (Raymond-Alain et al., 2001). The field of ethical research has also been dominated by researchers with a positivism viewpoint. The research method traditionally used in this field is a quantitative research method with a survey questionnaire (Liedtka, 1992). Taking the orientation of generating knowledge through a process of explanation, positivists focus on testing differences and similarities between respondents' actions across countries (Liedtka, 1992; Raymond-Alain et al., 2001; Bryman and Bell, 2007). Researchers, such as, Liedtka (1992), recognised the importance of the roles of values, emotions and behaviours of individual decision makers upon the decisions they make.

In order to overcome the limitations of traditional studies in decision-making which focuses on the examination of action itself, the researcher adopts a different position – an interpretivist position to seek to understand how respondents construct the meaning they give to social reality through their own interpretation and understanding (Raymond-Alain et al., 2001). Therefore, this research not only focuses on the outcome, but also tries to make sense of the moral behaviour processes which lead to final decision. This requires the researcher to interpret managers' thought processes that support their choice of a particular action; consequently, managers' rationales behind their actions can also be considered.

Research Ethics and Confidentiality

Issues of confidentiality cover the methodology employed in this study due to the sensitive nature of the subject. Confidentiality issues were briefed and described to all participant companies and individuals in a covering letter written in English and Chinese along with a statement that the research was to be conducted in compliance

within the research ethical guidelines of the author's university under its regulations 'Ethical Issues in Teaching and Research'. Therefore, any information provided would be treated in the strictest confidence, anonymity would be preserved at all times and any publication would not identify either individuals or companies. The data would be stored only for the purpose of the research and for the duration of the project before destruction. In support of this statement, the questionnaires were not coded before e-mailing. Each potential respondent was provided with the researcher's email address and asked to send their completed questionnaire to it.

The interviews with the managers also required assurance of confidentiality. Individuals were contacted by email and appointments made, with confidentiality assured. All participants knew of the intention to audiotape the interviews, with the tapes only accessed by the researcher and to be destroyed at the end of the project. All participants agreed that their interviews could be recorded. All interviewees were offered copies of transcripts although none of the participants took up this offer. Overall, more British managers were willing to participate in the study compared to Chinese managers (ratio of 24:17).

All respondents, whether by questionnaire or by interview, were informed that data would be used for academic writing and that individual respondents would be referred to by a different name with a brief cameo portrait provided, for example as 'Adam (CN), CEO, Aged 48'.

Research Strategy, Design and Methods

The four data gathering methods which are traditionally and most frequently used in measuring ethical performance were summarised by Gatewood and Carroll (1991). These four methods are: first, self-report questionnaire (survey); second, hypothetical ethical dilemma/vignettes; third, interview; and finally, recording of actual illegal behaviour. These are outlined below:

In the self-report questionnaire, respondents were asked to choose between alternative answers in order to reflect their own opinion on business ethics. This method has been used in many empirical studies. For example, three early business ethics studies,

Baumhart (1961), Carroll (1975), and Brenner and Molander (1977) used a primary approach that asked respondents to choose between alternative responses that could best represent how they felt about an issue. Traditionally, a scaling technique has been used to gather respondents' viewpoints (see, for example, England, 1967; Aldag and Jackson, 1977; Posner and Schmidt, 1984; Victor and Cullen, 1988).

Hypothetical ethical dilemmas were usually designed to ask respondents how they felt about, or might react to, alternative ways of action (see, for example, Brenner and Molander, 1977; and Posner and Schmidt, 1984). Ethical scenarios are frequently employed in research because they allow researchers to present actual decision-making situations that approximate to real-life situations (see, for example, Alexander and Becker, 1978; Weber, 1992; Bass, Barnett and Brown, 1999). This method has been used effectively in prior research (see, for example, Brenner and Molander, 1977; Frederickson and Mitchell, 1984; Laczniaik and Inderrieden, 1987; Dubinsky and Loken, 1989; Fandt and Ferris, 1990; McDonald and Pak, 1997).

Scholars have adopted an interview approach to ethical dilemmas since early research regarding individuals' ethical behaviour (although the majority of researchers use a survey method). Kohlberg (1981) used an interview method with hypothetical moral dilemma scenarios to access the respondent's moral reasoning. His research suggested that there are six universal stages through which moral reasoning develops in individuals, which are discussed later. Toffler (1986) conducted in-depth interviews to investigate executives' ethical decision-making, whilst Derry (1989), conducted open-ended and semi-structured interviews in which participants presented actual moral conflicts which they confronted at work, how they evaluated how they should proceed, and the method in which the conflict was resolved. Liedtka (1992) believes that the interview method is appropriate for the study of ethical decision-making because of the complexity of ethical research and the sensitivity of this research field. The method of recording of actual illegal behaviour was thought to be impracticable and unrealistic to be adopted in this study due to the difficulties associated with access to the participants.

A qualitative research strategy was thought to be the best approach to adopt. Even though access was difficult, the researcher had to conclude that certain qualitative

research methods, such as, participant observation and focus groups, were not practical for this particular research. The sensitive nature of the research and nature of the business managers' work role also did not allow the researcher to adopt such research methods due to the long duration of time involved with respondents. Therefore, the decision was made to use a mixed methods research strategy which combines qualitative and quantitative research with self-completed questionnaires and semi-structured interviews to investigate managerial moral behaviour. Although mixed methods research has received criticism, it is believed that an advantage is that the use of quantitative methods can provide information which is not easily accessible to qualitative semi-structured interviews (Bryman and Bell, 2007). The comparative research design of this study required that identical research methods were used for both Chinese and British respondents.

The research employed a self-completed questionnaire method including written hypothetical ethical dilemmas with open-ended questions. This qualitative approach allowed the researcher to attempt to accomplish the research objective and move beyond the analysis of action itself and focus on 'sense-making' in an individual's decision-making processes. It is an attempt to understand the meaning behind the action by looking at how managers frame, evaluate and choose alternative courses of action.

Given that the researcher is interested in understanding how managers make decisions when facing moral dilemmas and their moral behaviour, it was believed by the researcher that the semi-structured interview technique should be applied in this study. As Liedtka (1992) states:

“The complexity derives from the unstructured nature of the ethical dilemmas themselves, the multiple roles of the individual in the organisational setting, and the differing value systems present at personal, group, and institutional levels. The temptation is strong to oversimplify the situations studied in order to utilise more ‘rigorous’ quantitative methods. If this occurs, if researchers fail to develop methods to capture the complexity of real-life decision situations, what is learned, though technically reliable, may have little external validity. The interview method allows the interviewer to capture, in all its richness, much of the complexity of the respondent’s experiences.” (p.163).

Interviews could support the researcher to develop a grounded understanding of how managers make decisions when facing moral dilemmas and allow clarification of issues identified by the survey instruments. However, a disadvantage of using interviews as a research method is that it creates some problems in data gathering, analysis and reporting of findings (Liedtka, 1992). Given the ethical climate in business in both China and the UK during this period, these issues were clearly a cause for concern, such as, whether managers could feel comfortable enough to trust the researcher. The other concern (when the topic of study is ethical decision-making) was the effect of a social desirability response bias in which respondents might try to cast themselves in a positive light and their capability of accurately reporting about their cognitive processes. The researcher might have to play a more interpretive role if the respondent was unable to articulate the meaning behind their actions. Nevertheless, given the aims of this thesis and the need to discover the real-life moral issues and dilemmas in business environments as well as the moral emotions, thoughts and decisions involving these individuals in managerial positions, the interview remained the best method to discover answers to these questions.

The researcher decided to carry out quantitative research first because this quantitative aspect of the research design enabled the researcher to gain information which was not accessible from semi-structured interviews alone. The sensitivity of the research topic and issues regarding direct contact with managers have also confirmed that it was the right decision to conduct surveys before actual interview. This quantitative method was used as a ‘warming-up exercise’, which allowed the researcher to ask the respondents if they were willing to, eventually, be interviewed. This sample then formed the basis for the qualitative aspect of this research. The following explains the research instruments applied in this study.

Research Instruments

At the start of the study, limited empirical evidence existed on managerial moral behaviour in decision-making across countries and that which was found mainly utilised Rest’s four-component moral behaviour model. The evidence available was largely based upon respondents’ decisions towards ethically problematic issues by using business scenarios or as the result of empirical studies on a single component of

individuals' moral behaviour, for example, moral awareness or moral judgment. Even James Rest conducted empirical research on moral awareness and moral judgment by using completely different research instruments on differing occasions. Academic evidence was limited largely to North America and focused upon ethical behavioural differences between individuals from North American and European countries, and North American and Asian countries, with many of these studies using business students as respondents. Such a background proved unhelpful in creating the questionnaire for this element of the thesis.

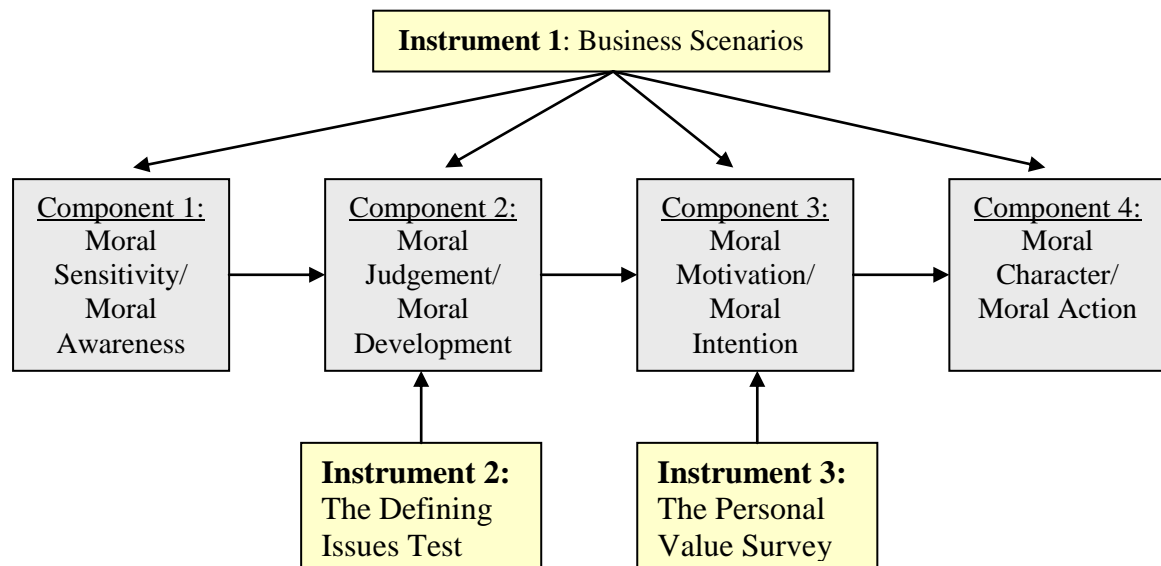
This research is aimed at the need to understand how managers make business decisions and the process of their moral behaviour, so using the research instrument only for a single component of the moral behaviour process would not be appropriate. This is because such methodology cannot provide a complete picture of managerial moral behaviour in decision-making. Surely, it cannot answer the research question as to how managers make decisions when facing business moral dilemmas? Therefore, a further consideration was the need for the design of a questionnaire which could maximise the aims and objectives of this research. Because the aim of this thesis is to understand managerial moral behaviour, the survey therefore attempts to find out how and why managers make certain decisions. Consequently, the questionnaire used in this study was combined with several existing research instruments for satisfying the demands of the research aim and to maximise measurement validity.

Research instruments were identified (after extensive reading of relevant academic literature relating to moral behaviour) and key authors who own the copyright of these were contacted by the researcher via e-mail. Permission for using the research instruments was granted by these authors (see, Appendix 8, 9 and 10). A questionnaire was designed, called 'Workplace Decision-Making Questionnaire' (see, Appendix 3 and 4). It contains three research instruments:

Firstly, ten business scenarios - adapted from McDonald and Pak's (1997) study were constructed. Each scenario includes a five-point Likert-style scale and two open-ended questions. The scenarios assist the understanding of how Chinese and British managers make decisions when facing moral dilemmas in a business context and

therefore explores the differences or similarities between their moral behaviour. Secondly, James Rest's well-known research instrument - the DIT was utilised for investigating respondents' moral development stage; hence, understanding respondents' moral judgment as to how they reason what is right or wrong. Thirdly, Schwartz's (1992) PVS was employed for understanding Chinese and British respondents' motivational personal values which are believed to influence one's actions and the differences or similarities between them. The application of these three research instruments into the investigation of managerial moral behaviour is illustrated in figure 5.1 below.

Figure 5.1 The Application of Three Research Instruments in the Quantitative Approach of Understanding Managerial Moral Behaviour in Decision-Making



The translations of the DIT and the PVS have been tested in several studies (see, Ma, 1988; Ma and Chan, 1988; Schwartz, 1992, for example). The ten business scenarios were translated into Chinese Mandarin by the researcher. The researcher was very careful in terms of emphasising that the respondents would be totally anonymous.

The questionnaire was structured in four sections, as explained below.

Section 1 – Business Scenarios

The first section presented respondents with ten business scenarios (see, Appendix 3). The business scenarios were firstly presented because it was considered by the researcher that the respondents might thoroughly examine their own moral behaviours (after having made their own moral decisions in a social and personal context) if firstly presented with the DIT and PVS. This might then result in a bias in their thought and behaviour patterns when presented with the business scenarios.

Individual managers were asked to make their decisions about a range of hypothetical business situations using scenario instruments. The ten scenarios used in this research were adapted from McDonald and Pak's (1997) study of 'Ethical Perceptions of Expatriate and Local Managers in Hong Kong'. After each scenario a five-point Likert-style scale was included that allows respondents to indicate their level of agreement or disagreement with the solution for each scenario (an example is shown in figure 5.2). The researcher was interested in finding out not only a respondent's decision, but also to understand how respondents judged their decisions and their moral motivation behind those decisions. This is a different approach from previous studies (see, for example, Fritzsche et al., 1995; Whitcomb et al., 1998; Ergeneli, 2005), which asks only whether respondents would engage in unethical business practices. Therefore, two more open-ended questions were added to each scenario following the Likert scale. The first question was, 'What did you consider to be the most important issues when you made your decision?'. The second question was, 'Why do you think that was the right decision to take?'. The answers would be compared between British and Chinese managers for similarities or differences.

Figure 5.2 Example of Business Scenario

You are a production supervisor in a company that provides household electrical appliances such as ovens and washing machines. You have recently become aware that one of the products produced by your company is defective and unsafe. You have already brought this to the attention of management but they have done nothing to remove the defect. You were considering reporting the matter to the external authorities but have decided against this as the most likely outcome is that you would lose your job. Do you:

strongly agree	moderately agree	moderately disagree	strongly disagree	neutral	<input type="checkbox"/>
1	2	3	4	5	

What did you consider to be the most important issues when you made your decision above?

Why do you think that was the right decision to take?

The purpose of including the ten business scenarios in the questionnaire is to investigate: firstly, how Chinese and British managers make decisions when facing moral dilemmas within a business context; secondly, the differences and similarities between their moral behaviour. These research findings can provide an indication as to how Chinese and British managers might behave when making decisions when they are confronted by real moral dilemmas in business.

Section 2 – The Personal Value Survey

The second section presented respondents with a PVS (see, Appendix 4) which examines possible motivational factors which can affect managers moral behaviour. In Rohan's (2000) article, the author believed Shalom Schwartz's value questionnaire to be useful as a research instrument for the third component of Rest's model – moral motivation. Knowing that the structure of Schwartz's value system focuses on the motivational concern represented in each value, it was thought by the researcher that his PVS could be the most appropriate for this research. To ensure this judgement, a personal email was sent to Professor Schwartz asking for advice on using his value questionnaire. In his email reply, he mentioned that 40 years ago, when undertaking

his Ph.D., he involved Kohlberg's theory and argued for the importance of moral motivation to convert judgement into action. He was delighted to see this would be applied in the context of Rest's model in my study (all emails can be found in Appendix 9). His reply indicated that Schwartz's value questionnaire could be an appropriate one for this study. Schwartz's (1992) PVS could help the researcher to understand the differences between Chinese and British managers' motivational personal values. The results from this element provide significant data on what might motivate the different managers by investigating what kind of values they would prioritise. The questions to be answered in this section are: What kind of values motivates Chinese and British managers? What are the differences and similarities between Chinese and British managers' value priorities?

Section 3 – The Defining Issues Test

The third section presented respondents with James Rest's DIT, which investigates individual managers' moral judgement (the second component of the moral behaviour model) by understanding their moral development stages in a social context. The findings from the DIT also provide information on the differences/similarities between the Chinese and British managers' moral judgement in terms of their understanding of what is morally right and their reasons for their actions in terms of correctness. This research instrument has been well used in business contexts (see, for example, Jeffrey et al. 2004; Wimalasiri, 2004; Delloportas et al., 2006).

The DIT comes only in hard copy and each paper copy of the DIT used in the research had to be paid for. The completed DITs had to be sent back to the Centre for the Study of Ethical Development (CSED), University of Minnesota, US, for data analysis. The researcher gained permission to draw an electronic version of the DIT directly duplicated from the hard copy version after explaining to the copyright holder that the DIT would be included in the questionnaire as a part and would be sent to the respondents electronically. The researcher also had permission to translate the DIT to Chinese Mandarin for the Chinese respondents (all emails can be found in Appendix 8).

The reason for combining Rest's (1979) DIT and Schwartz's (1992) PVS was to have a better understanding of respondents' moral behaviour in a social personal setting, especially by looking into the two major components of an individual's moral behaviour process, 'moral judgement' and 'moral motivation', adopted from Rest's (1986) four-component moral behaviour model.

Section 4 – Demographic Information

The last section sought to gain background personal information on respondents, such as, business experience, age, gender, nationality, educational level, current level of employment, position, length of managerial experience and organisational type.

Section Two: Data Gathering including Sampling and Access Issues

Sampling

Chapter two illustrated the prescriptive approach undertaken by researchers in the early evolution of business ethics by presenting problems and theories and developing ethical solutions and principles for international business. Minimal evidence could be found to establish how managers actually deal with ethical problems and make decisions in ethical dilemmas. Specifically, how their ethical behaviour governs their decisions and how their moral behaviour varies between nations and cultures. Only recently, researchers have started to conduct cross-cultural comparative studies on managerial ethical decisions (see, for example, Priem and Shaffer, 2001; Christie et al., 2003). Researchers also explored one of the first two components of individuals' moral behaviour from a psychological ethical perspective as discussed in chapter four (see, Bebeau et al., 1985; Ma, 1988; and Tsui and Windsor, 2001, for example). To understand the moral behaviour behind managers' decisions, it was necessary to select the sample carefully to satisfy the aims of the thesis.

Establishing access was crucial to the research, as investigations of this nature require access to managers who work for British MNCs in both China and the UK. Equally important is the selection of a sample that is responsible for decision-making in

business especially when confronted by a range of ethical issues and dilemmas in the workplace. The subsequent selection of British MNCs as the sampling frame has already been outlined in chapter one. Given the aims described above, these companies were also considered to be confronted with a range of ethical challenges in their business operations at both domestic and international levels. It was understood that the Chinese and British managers who worked for British MNCs would have a range of information sources to assist the researcher and the readers to understand managerial ethical decision-making. Moreover, the social phenomena could be more effectively understood when compared between two meaningfully different cases (Bryman and Bell, 2007). Additionally, as the author is Chinese, has lived, studied and worked in both China and Britain, this provided an excellent opportunity to make contact with British MNCs and interview respondents in both countries, bilingualism was considered critical.

Further justification for this sample was the opportunity to study two countries simultaneously; China, which has experienced major economic, moral, cultural and social changes, and Britain, which has developed significant trade links with China. Finally, the researcher has great interest in ethical issues regarding business operations in China and the UK, coupled with the changes taking place in both countries, managerial ethical issues and dilemmas are becoming increasingly and inevitably common.

The economic expansion between China and the UK has created significant ethical challenges within both localised (home) and overseas environments especially when companies are under the pressure of global competition. This presents an ideal environment to more readily understand the kinds of moral issues and dilemmas managers who work in such environments have been confronted with, and how they make decisions in the face of moral dilemmas in business reality. These environments present an ideal opportunity to test the aims of the thesis.

Upon commencement of data collection, January 2005, 63 British MNCs operating businesses in China were identified via the European Documentary Centre at Cardiff University, UK. These companies were selected because they employ managers in China and the UK within different industries, locations, levels and positions. The

companies selected could provide an almost complete picture of Chinese and British managers working for British MNCs, and would likely present a range of moral issues and dilemmas facing managers.

With increasing attention paid to data protection, confidentiality and ethical issues about employees' personal details by large British companies, to obtain a full list of all the managers who work for these companies was unrealistic. Therefore, each of the 63 companies' headquarters were contacted for access so as to ensure a sufficient number of responses. It was felt that to sample and survey all the British and Chinese managers at these British MNCs would be very unlikely, as this would require the assistance of all 63 British organisations in providing means of access to individuals. Until the time when the researcher gained the access, the question of sampling size was unknown.

Gaining Access

The contact addresses for the 63 British MNCs' headquarters were found via company websites. The suitable contact person was perceived to be the head of corporate social responsibility/corporate responsibility, they would be aware of business ethics issues and would be more sympathetic towards the importance of this research. Covering letters and an executive summary (see, Appendix 1) were drafted to explain the purpose of the research and benefits for the companies taking part in such research. In total, 97 letters and two emails were sent to each of the targeted contact persons in the organisations together with an invitation to participate. By the middle of February 2005, only one company had replied positively and invited the researcher to meet with their head of CSR to discuss the research.

In a meeting with the head of the CSR department from this company, the researcher requested full access to their managers in Britain and China which was rejected due to confidentiality issues, sensitivity of the research topic and time issues for the managers concerned. Advice was offered that the response rate would probably be higher if questionnaires were sent to the managers by the contact person within the company, rather than from an external researcher. The CSR manager also offered to contact the head of CSR in five other British MNCs which could potentially cooperate

with this research project (three of which were not on the researcher's original list of 63 companies). Four of the five companies agreed to take part but the researcher was not allowed to have direct contact with them. Information about the number of managers that they would forward the questionnaire to was not provided and only a verbal promise to send out as many as possible, both in China and the UK, was given.

Power was always with the contact person, unfortunately, and the person involved tried to influence and push the researcher in the conduct of this research. Tact was needed in order for this company not to withdraw, but also, the researcher did not want the contact person to control how the research was conducted. The researcher wanted to have empirical research validation. Therefore, the relationship with the contact person was very intense, as the researcher had to fight against third party ideas, such as, the completed questionnaires should be returned directly to the contact person. A power struggle ensued and the researcher did not have much bargaining power over the large MNCs. Although a social science researcher like myself relying on access permission given by these large MNCs, I would not let them affect the correct procedure of social research.

One month after the initial approach, seven of the 63 companies replied and declined to take part in the research because of the reasons such as they simply had too many students' inquires asking them to take part in research or their managers were 'too busy' to participate. Three other companies replied that they were considering the offer, but made no reply afterwards. The other 52 companies failed to reply.

Reminders were sent to the selected companies on the 24th and 25th February 2005, with just one additional company replying and showing interest on 12th April 2005. In a meeting with a senior manager from this company, participation was agreed, but direct contact with the managers again rejected due to confidentiality issues and the sensitivity of the research topic. It was finally agreed that the questionnaire would be sent to managers through him but with no promise of a large number of responses. After conversing with senior representatives of the participant MNCs (and realising the difficulty of liaising with such MNCs), the researcher realised why empirical studies appear to have not chosen managers from MNCs as respondents and why empirical studies involving such large companies can be difficult to undertake.

Gaining access to managers in MNCs is extremely difficult and challenging. Companies are not willing to devote time and resources to discuss ethical issues as pointed out by Liedtka (1992). However, by the end of April 2005, six companies had agreed to participate.

After much stress and struggle, it was finally agreed between the contact persons and the researcher that the questionnaire would be firstly distributed to the contact persons and then sent out to the managers. One contact person insisted that the completed questionnaires had to return to her first (disputed by the researcher to avoid any bias or inaccuracy of results due to the fact that the respondents realised that their answers would be viewed by an internal person from within their company). It was also agreed between the contact persons and the researcher that after the researcher had received the first part of questionnaire from the managers via email, that the researcher was allowed to send the second part of the questionnaire directly to each manager without any intermediary or interference. A research summary with methodology and sampling strategy were sent to the contact persons to ensure correct procedure being carried out (see, Appendix 2 and 7).

With no information given to the researcher about the total number of managers approached, even after the most persuasive of requests, the researcher could tell nothing of the sample size or the number of managers approached within these six companies. A disappointing number of only 32 completed questionnaires were received by August 2005 - a month after the questionnaires were sent out - this had been forewarned by the contact persons. Five managers withdrew after completing the first questionnaire, reminders being sent to them, but with no replies received.

The disappointing response led to the researcher using a more direct method to gain access to managers. In total, 324 emails and 317 letters were sent directly to individual managers and to the local branches of 38 companies from the original list of 63 British MNCs between 21st and 29th September 2005. E-mail and postal addresses of individual managers and local branches of identified companies were found via websites. There were 27 companies newly identified from the UN Global Compact participant company list. Additionally, 169 emails and 23 letters were sent to these companies' headquarters, local branches or to individual managers directly

asking them to participate. The researcher also requested the participating managers to forward the questionnaire to other managers within their companies. The hard copy version of the questionnaire was also delivered to potential participants, requesting completion when the researcher was conducting interviews with managers in China and Britain in December 2005 and early 2006. Upon completion of data collection, there were a total of 105 managers from 18 companies taking part in this research. This snowball approach to sampling was necessary to obtain sufficient numbers of respondents (Oliver and Jupp, 2006). It proved to be far more successful than the researcher's initial approach.

Distribution of Questionnaires

Piloting the Questionnaire

The questionnaire was piloted amongst five managers employed at the University of Glamorgan, UK, and additionally with fellow Doctoral students. A verbal explanation was given explaining the purpose of the pilot study and they were encouraged to comment on the structure, appearance, instruction, level of difficulty, language used as well as time duration for completion of the questionnaire. The overall feedback (see, Appendix 7) was that the questionnaire was too long and complicated with the participants demotivated to complete all the questions. Some of the respondents suggested that it was better to include a scale to ask the respondents whether or not they would engage in the unethical actions rather than question. These suggestions and comments were all taken into consideration. A decision was made to re-design the questionnaire without interrupting the basic philosophical framework behind the research. The researcher later conducted two survey questionnaires and delivered them to the respondents in two different timeframes. The first questionnaire contained the business scenarios and the second one included the PVS and the DIT.

In the revised questionnaire, the business scenario section contained 10 short hypothetical business situations with a Likert style five-point scale and just two short open-ended questions after each scenario. The five-point scales was graded as follows, '1' = 'strongly disagree', '2' = 'moderately disagree', '3' = 'moderately agree', '4' = 'strongly agree' and '5' = 'neutral'. The two open-ended questions were:

‘what did you consider to be the most important issues when you made your decision above?’ and ‘why do you think that was the right decision to take?’. The layout in this section was much clearer than the original and was piloted with five local managers in Wales, UK. The feedback was positive with an average of 25 minutes for completion. A copy of the questionnaire can be found in the Appendix 3 and 4.

The feedback from the DIT mainly focused on the use of the language. The DIT was designed by American Psychologist James Rest, and therefore, contains various American English words, for example, the use of ‘drug’ instead of ‘medicine’ and ‘chemist’ instead of ‘pharmacist’. Some participants pointed out that some of the statements in the DIT were not clear and some did not follow the instructions of the DIT, either because they did not read the instruction properly or because the instruction was too long to read. The DIT is copyrighted and has been used in over 1000 studies. It is reliable and has advantages in researching the individual’s moral judgment. The validity for the DIT has been assessed in terms of seven criteria and is shown in figure 5.2.

Figure 5.3 Seven Criteria for the Defining Issues Test

- (1) Differentiation groups assumed to be of greater or lesser expertise in moral reasoning (e.g., moral philosophers are expected to show higher scores than junior high school students).
- (2) Show significant upward change in longitudinal study.
- (3) Be sensitive to interventions designed to improve moral reasoning (e.g., show pre-/post-test gains on moral education programs).
- (4) Show evidence of a developmental hierarchy (i.e., that higher is better or moral advanced).
- (5) Significantly predict to real-life moral behaviour.
- (6) Significantly predict to political attitudes, political choices, and the way in which a person participates in the larger society.
- (7) Have adequate reliability. There are additional DIT studies besides the research addressing these validity criteria.

(Source: Rest, Narvaez, Bebeau and Thoma (1999), ‘Postconventional moral thinking: a Neo-Kohlbergian approach’, p.61)

In the new version of the questionnaire, the researcher made slight changes with the use of American English to English with permission, for example, changed the use of

‘\$’ sign in the DIT to ‘£’ to suit the respondents in this study. The instructions were especially highlighted to ensure that the respondents completed the questionnaire correctly.

Some participants also pointed out that the instructions for the PVS were unclear and incorrectly followed. One respondent suggested that the PVS should be presented before the DIT because if people completed the DIT then they may be bored and simply tick boxes quickly in the PVS. Also, having engaged in thinking about the dilemmas in the DIT, they could start to question their personal values. In this sense, the results could be different than if they came to the ‘personal values’ section first. This suggestion was taken into consideration by the researcher and in the revised questionnaire, the personal value was placed before the DIT. Instead of asking respondents to tick the rate of importance, they were asked to write a number to indicate the level of importance. This strategy avoided the action of simply ‘box ticking’. The overall feedback from the pilot studies and overall view on the new version of the questionnaire (see, Appendix 7) were sent to the contact persons of several companies when requested.

Distributing Questionnaires

Electronic versions of each questionnaire were designed for the final distribution, both for ease of geographic distribution/collection and to save time and costs. The respondents received the questionnaire electronically via their work email, and asked to return their completed questionnaire to the researcher’s email address to eliminate the possibility of being identified.

The questionnaire consisted of two parts. The first included the ten business scenarios and the second included the PVS and the DIT. The first questionnaire was required to be completed and returned to the researcher within one month. The demographic information of respondents was included in both the first and second questionnaires for matching purposes. The researcher predicted that there would be managers who would not return the second questionnaire because of the nature of the DIT and the PVS being quite lengthy and complicated. However, it was thought that sending two separate questionnaires would gain a better response than one extensive and time-

consuming instrument. Only 93 managers returned the second questionnaire. The other 12 respondents failed to return the second questionnaire even after reminding. This left the researcher an unequal number of first and second questionnaires (ratio of 105:93). Had the self-completed questionnaire been the main research method, then, the low quantity of questionnaires received could have called into question the external validity of the findings. Nevertheless, the questionnaire results are used to support the main findings that emerged from the qualitative data in this study.

Conducting Semi-structured Interviews

Pilot Interviews

A pilot study for the semi-structured interviews was undertaken with three senior university staff managers in the business school and one local business manager in Wales. Principle concerns voiced by all respondents were the themes relating to redundancy, dual roles and ethical standards in the roles as managers and in their personal lives, and conflict of interests. One interviewee pointed out that the researcher should maintain eye contact during the interview process. This point raised an important issue of cultural differences between China and the UK. In China, eye contact is not an essential issue during conversation. In fact, in China, people avoid direct eye contact if in a junior position or younger than the person they in conversation with. It also happens in conversation between males and females. The researcher decided to consider cultural differences in the interview processes with British managers, for example, method of greeting, gesture, language used, eye contact, and body language. One interviewee stressed the importance that the researcher should discuss the confidentiality issue before the interview to ensure that the interviewees felt more comfortable and would have no doubts in expressing themselves. This comment was agreed by the researcher on the grounds of research ethics. After discussion and some amendment, it was agreed that all the interview questions should remain.

The interview questions include discussions of interviewees' selected moral dilemmas, using the format successfully employed by Derry (1989) with permission (see, Appendix 11). Liedtka (1992) summarised the advantage of this format in terms

of the social desirability response bias and recall problems of the traditional interview method. It enables researchers to access the respondent's discussion of real situations that are significant to respondents themselves. In which case, respondents are more likely to recall the past because they are allowed to select events most relevant to themselves for discussion. More importantly, it allows researchers to understand ethical decision-making in real situations.

Interviews with China-based Managers

Semi-structured interviews with China-based managers occurred during late 2005 and early 2006 in cities, Shanghai (Eastern China), Beijing (Northern China), Guangzhou (Southern China) and Nanjing (Eastern China); and towns, Huzhou (Eastern China) and Dongguan (Southern China). The interviewees were managers from companies in the manufacturing, mining and extraction, retail and wholesale, advertising, Public Relations (PR) and media, banking, investment and insurance, and import and export industries. The interviewees were general managers, business development managers, finance managers, senior managers or CEOs. The detail of the participants who were based in China is presented in the results chapter – chapter eight. A semi-structured interview was chosen, as it was felt that the respondents would be time restricted for unstructured interviews due to their senior positions, hence, the length of the interview was kept to a minimum, approximately half an hour. Seventeen interviews were conducted. Twelve interviews were with Chinese managers and five were with British expatriate managers. The interview questions can be found in Appendix 12.

Semi-structured interviews allowed the researcher to access qualitative data (Bryman and Bell, 2007). The researcher wanted to understand the general ethical climate in the business environment that the China-based managers experience and to investigate what it was like for them to work in British MNCs in China, particularly in view of the ethical challenges described in chapters two and three. As most of the research previously undertaken is based on hypothetical business scenarios rather than actual business practice, using semi-structured interviews allowed the researcher to embrace a real sense of the moral issues and moral dilemmas managers in China face today. Hence, the researcher could further understand how these managers make decisions when they face moral dilemmas in the real business environment in China.

Furthermore, interviews would allow for deeper questioning of managers' experiences regarding ethical decision-making for British MNCs and allow the researcher to interpret as to how managers' moral behaviour is reflected in their decision-making processes as outlined in chapter four.

The exploration of this moral behavioural process allows us to understand why certain issues in particular have received ethical concern from managers, hence causing moral dilemmas in the workplace. Interviews were felt to be the most appropriate method, as it also allowed the understanding of how the ethical and cultural background of managers as well as business pressure for success influences this process. However, the researcher should take special responsibility towards the interviewees because of the nature of the interview method which could be intrusive for the interviewee especially in ethics research as Liedtka (1992) posited out. In addition, the researcher must be also aware of the emotions raised during the interview process when the respondents are expressing sensitive issues and ensure that the respondents are not left with emotional damage by her or his participation in this study.

Each of the China-based respondents who completed the questionnaire were contacted by email. Communication was established between the researcher and the key contact person within the company or the personal assistant of the managers. Finally, seventeen China-based managers agreed to be interviewed. Given the geographic distance of the offices of these British companies in China, it was decided that every attempt should be made to conduct interviews with the managers in China within the shortest period of time to provide efficiency in data collection. It was decided that the China-based managers should be interviewed first in November and December 2005 and with the UK-based managers being interviewed between January and March 2006.

The interviews mainly took place in the big cities of China, such as, Shanghai, Beijing and Guangzhou. An interview schedule was designed and sent to the participants via email. The manager was hence informed when the researcher would be in the city he/she is based. They were given the option of five working days to choose a time which suited them for interview. For example, the managers in Beijing were informed that the researcher would arrive in Beijing on Sunday the 4th of December, and free to

interview them from Monday (5th) to Friday (9th). All the participants chose the date and time that suited them best and informed the researcher via email.

A total of 17 interviews took place, 12 with local Chinese managers and five with expatriate managers. These participants represented a wide range of geographical areas, including north, south and east of China, as well as different industries. All participant managers arranged their interviews during their working hours, and one manager was willing to meet outside the working day. Two managers were interviewed by telephone due to geographical reasons. The arrangement of the interviews and the actual interviewing process went smoothly. All interviews were recorded via disc equipment. Where respondents chose to comment beyond what was asked from the original questions, these comments have also been included as a rich source of information. The time for the interviews varied between 30 minutes and one hour. The average interview time was 42 minutes. Brief notes were also taken by the researcher during each interview just in case the recorder malfunctioned.

With the sensitive nature of this research project, transcription and analysis of qualitative data from the interviews could be a challenge in itself, due to it being heavily dependent upon the researcher's judgement as an analyst. Accounts are therefore presented 'word for word' on the issues that have direct association with moral dilemmas as well as the processes of respondents' moral behaviour when making decisions to solve the dilemmas. This approach results in a slightly lengthy results chapter, but improves transparency.

The use of the China-based managers' interviews helps to answer the central aims of this research project as to how managers make their decisions when confronted by moral dilemmas and what are the differences and similarities between Chinese and British managers' moral behaviour. It was felt that the interviews with these participants would be central to our understanding of the nature and degree of managerial experiences of ethical decision-making in British MNCs.

Semi-structured Interviews with UK-based Managers

Semi-structured interviews with managers who are based in the UK were also used and allowed the researcher to understand a real sense of the moral issues and dilemmas UK-based managers face today in the workplace. These interviews were conducted in the same way, with the same questions as the China-based managers received for gathering the qualitative data from Britain. The interview data from the UK element allows an understanding of how these managers in Britain make decisions regarding moral dilemmas. The semi-structured interviews allowed the researcher to access the moral thoughts and emotions of British managers and how their moral behaviour was reflected in their decision-making processes. The completion of the UK part of the interviews allowed the researcher to compare the qualitative data from both China and Britain. This can answer the central aim of this research as to whether there are any differences or similarities between Chinese and British managers' moral behaviour.

The UK-based managers who completed the questionnaire were contacted directly or through the necessary company contact person or their personal assistants. Twenty-four managers were interviewed; being based in London, Southampton, Birmingham, Telford, Newport, Sutton and York. The interviewees were managers from the same industries as in China and with similar roles. The details of the participants who were based in Britain is presented in chapter nine. Semi-structured interviews have the advantage of controlling the time and length of the interviews especially when the respondents are very busy managers who rarely have time to spare for academic research. The interview questions can be found in Appendix 12.

The interviewees were informed and encouraged to give different options of the time and days they were more likely to be free for interview. This approach allowed the researcher to organise all the managers from the same location to be interviewed on the same day. This method was thought to be more logical, organised and economic by the researcher. The first interview was arranged on the 17th of January and the final one was on the 1st of March. A total of 24 interviews were conducted, five of them being by telephone due to personal preference on the part of the managers concerned; 23 were British managers and one was Chinese. The average interview time was 41

minutes and the managers were interviewed in the same way as the China-based managers.

Section Three: Data Analysis

The results of this study are analysed into two groups according to the two different research methods employed: questionnaire survey and semi-structured interview. Each is explained below.

The Questionnaire

The results from the questionnaire were analysed via three sub-groups according to the three different instruments adopted in the research – first, business scenarios, second, the DIT, and finally, the PVS.

Business Scenarios

Two data analysis strategies – first, SPSS 12 (Statistical Package for Social Science), and second, content analysis, were employed for this section of the results. SPSS was used for analysing the respondents' answers to the actions suggested in each scenario on the five-point Likert-style scale. Two open-ended questions were added in each scenario for establishing managers' moral motivation underlying their decisions and how respondents judge their decisions. Therefore, content analysis was used for categorising the answers to the two open-ended questions in order to find out why managers thought that their decision was the right one, and what was the most important issue which they considered when making their decision.

The answers given by each respondent to the five-point Likert-style scale in the ten business scenarios was inputted into SPSS. To answer the question of whether Chinese and British managers would have similar or different decisions in each scenario, a 'between subject' experiment was conducted. The Mann-Whitney test was chosen to be the most suitable test for investigating the significance of differences between these two groups by analysing ordinal type of data from the Likert-style scale. The reason for choosing this nonparametric test is that as the data set in the

study is small, using the parametric t-test could give misleading results (Kinnear and Gray, 2004). Therefore, the author decided to use a nonparametric alternative to the independent-samples t-test, which is the Mann-Whitney U test. With small samples in this study, exact p-values were recommended to be used in reporting for the nonparametric test and avoiding reliance upon the approximate p-value (asymptotic p-values) (Kinnear and Gray, 2004). The Mann-Whitney U test was run on each business scenario with the confidence level at 99%. Therefore, the researcher can say, with a 99% level of certainty, the statistics of samples (the sample mean) can estimate the population mean. The results of each scenario are reported to show the significance of the differences between Chinese and British managers' decisions.

The respondents' answers of the two open-ended questions in each business scenario were coded separately into a range of categories. Although the coding processes were very time-consuming, the research findings could provide information on the understanding of managerial moral behaviour. The researcher needed to analyse the answers to each question, then develop themes that could be employed to form the basis of codes, and then go through the answers again so that the answers could be coded for enter into SPSS as a group of values for each scenario, under the label of 'moral motivation' and 'moral judgement'. Two groups were set in SPSS, Chinese and British. For describing the nominal data from the two open-ended questions, the data sets were run through the Crosstabs in SPSS for presenting the descriptive statistics.

The reason for choosing this method is that it supplies a column of totals which concludes the percentage of each value that the Chinese and British respondents had given to them, and various correlation coefficients. The results reported here could allow the researcher to explore the differences and similarities between Chinese and British managers' moral motivation and judgement which underpins the decisions that they make. This is as to why they thought their decision was the right one and what was the most important issue they considered when making their decision.

The Defining Issues Test

The DIT is copyrighted by the CSED at the University of Minnesota in the US. As a part of the service of purchasing the DIT instrument, the CSED offers to analyse data for each copy of the DIT. After all the questionnaires were returned, the data gathered from the DITs in the survey was transferred to hard copy scoring sheets provided by the CSED and then sent back to them for analysis. Each scoring sheet was given a unique number by the researcher with the intention of identifying the nationality of the respondents. The results from the respondents were concluded in the report processed by the CSED with a detailed outcome of each individual respondent's score for different levels of the moral development stages. This data set was later entered into SPSS by the researcher for further analysis in comparing between the two samples (Chinese vs. British) and the significance of the differences between Chinese and British managers' judgement of what is right or wrong. The Mann-Whitney U test was chosen again for the same reasons as outlined above, and was run through the SPSS with a confidence level of 99%. The results here could show the significance of the differences between Chinese and British managers' moral development stages and their ways of judging what is right or wrong.

The Personal Value Survey

The data analysis manual for the PVS was provided by the author who designed this research instrument, Shalom Schwartz. Following instructions from Schwartz, each individual respondent's total score on all 56 value items was calculated using Microsoft Excel and then divided by the total number of items (56). The procedure then requires the researcher to centre the scores of each of the items for individual respondents around that particular individual's average score by using Microsoft Excel. Each respondent would have a set of centred scores for the 56 value items. These centred scores are used to calculate the scores for the 10 value types in Excel by following the list given by Schwartz (see, table 5.1 below). For example, the process of calculating the score for the value type 'Conformity' is to add each centred score for value items No. 11, 20, 40 & 47, then take the mean of the total of all these four centred items. Such a process is carried out the same way in calculating the

scores for the other nine value types. As a result, a whole data set of ten value scores for each individual respondent can be drawn.

Each individual respondent's value scores were inputted to the SPSS for further analysis of group mean comparisons between Chinese and British respondents. The whole data set was run through the Mann-Whitney U test at a confidence level of 99%. The results could present a level of significance in the difference between Chinese and British managers' value system reflected from the ten value types. The results can indicate what values Chinese and British managers are more likely to be motivated by and therefore influence the way that they make certain decisions as a consequence.

Table 5.1 Keying of Ten Individual Level Value Scale

Ten Value Types	56 Value Items (Coded in Number)
Conformity	11, 20, 40, 47
Tradition	18, 32, 36, 44, 51
Benevolence	33, 45, 49, 52, 54
Universalism	1, 17, 24, 26, 29, 30, 35, 38
Self-Direction	5, 16, 31, 41, 53
Stimulation	9, 25, 37
Hedonism	4, 50, 57
Achievement	34, 39, 43, 55
Power	3, 12, 27, 46
Security	8, 13, 15, 22, 56

The Interviews

A transcription of all interviews was made in 'word for word' format. The Chinese managers' interviews had to be translated into English. After listening to the interview tapes once, and having typed them into Microsoft Word, the researcher listened to the tapes again to ensure accuracy and correctness in content and language. Mistakes were found, and corrections were made.

As qualitative data is normally rich data, complex and vivid, using a correct technique for analysing qualitative data is essential. However, the traditional way for analysing qualitative data has not been given clear guidelines (Bryman and Bell, 2007). This can cause concern over reliability and validity of research findings. In recent years, one particular qualitative piece of software has been popularly used in academia (see, for example, Bazeley, 2002; Johnston, 2006). It is NVivo (NUD*IST Vivo) qualitative software, which was developed by the Qualitative Solutions and Research for assisting researchers who conduct qualitative research (Richards, 1999). This was adopted by the researcher because NVivo supports rich text and provides a range of tools for handling rich data records in a fast and easy way (Richards, 1999).

The interview transcripts were input to NVivo for coding. Given that this thesis is largely exploratory with leanings towards an interpretivist stance, the technique adopted was to search for key themes emerging from the narratives. It was felt that this approach was the only practical method of analysis in order to explain the real sense of moral dilemmas solving. A sample of Chinese and British managers' interview extracts used in this thesis have been double-checked against the original audiotapes for accuracy. The researcher decided to include the extracts because it is believed that these extracts could help satisfy meeting the aim and objectives of the thesis. On the basis of ensuring sufficient data remains for analysis, some selectivity of interview data has taken place because of the nature of collecting large amounts of data from interviews.

Chapter Summary

The use of the business scenario, the DIT and the PVS in questionnaire as well as the Chinese and British managers' interviews provides for a whole picture to this study. By adding two open-ended questions, the researcher focuses on not only respondents' decisions, but also the behavioural process that leads to managers' decisions when facing ethical problems. Presenting the respondents with both business and social personal moral dilemmas allows the researcher to investigate the relationship between managers' personal moral judgement and values and their moral behaviour in making decisions, as well as to how market ethics and economic values affect managers' personal morals and values. Furthermore, the understanding of managerial moral

behaviour is enhanced by adopting a semi-structured interview method which includes questions which explore different stages of the respondents' moral behaviour process which underpins their decision-making.

By using a triangulation method, it is hoped that a successful research strategy has been employed. Given the fact that the size of the survey is relatively small and the difficulty with accessing managers who work for British MNCs in China and the UK, it is felt that the methodology adopted has been justified. The use of the Mann-Whitney test (on a confidence level of 99%) to compare Chinese and British managers' moral behaviour in business scenarios, and their moral development stages and personal values suggests that research into cross-cultural managerial moral behaviour will benefit from these results. Furthermore, by exploring key themes from the interview data, and analysing and presenting the data by connecting different stages of the respondents' moral behavioural process, it is possible to gain a deeper and more considered understanding of how respondents' awareness, thoughts and actions link together, allowing the researcher and readers to build a common understanding as to how and why the respondents finally make their decisions. However, the most important facet in this process of understanding is the accounts of those who face moral dilemmas in the workplace. Without such evidence, the picture of managerial moral behaviour is only a partial one. Yet, the difficulties of accessing managers in large MNCs might put a barrier to ethical behaviour researchers. Without the accounts of how managers solve moral dilemmas, any study of managerial moral behaviour remains incomplete. The next four chapters present the research findings from the questionnaire survey and semi-structured interviews.

Chapter Six

Results of the Postal Survey - One

Introduction and Chapter Overview

This chapter and the next chapter (chapter seven) present the findings from the quantitative results of the postal survey. The purpose of the postal survey is to investigate the differences and similarities between Chinese and British managers' moral behaviour. Three existing research instruments were adopted and used in the questionnaire for investigating how, and to what extent, Chinese and British respondents' moral behaviour differs when they make ethical decisions. Their behaviour is investigated firstly, in a social personal setting using their own personal moral standards without business considerations. Second, in business situations where they make decisions as managers. The DIT designed by Rest (1979) and Schwartz's (1992) the PVS were combined together to investigate respondents' moral behaviour in a social personal setting. The results from these two research instruments are presented in this chapter. Ten business scenarios from McDonald and Pak's (1997) study were adopted for exploring respondents' moral behaviour in business situations and these results are presented in chapter seven.

The application of Rest's (1979) DIT investigates the differences between the Chinese and British respondents' CMD stages in a social context. The findings from the DIT might explain the differences between the Chinese and British managers' moral judgement in terms of their understanding of what is morally right and their reasons for doing what they consider to be the right or wrong decision. Schwartz's (1992) PVS explores the differences between Chinese and British managers' motivational personal values. The results from this element provide significant data from the different managers by investigating what kind of values they would prioritise. The reason for combining Rest's (1979) DIT and Schwartz's (1992) PVS is to provide a better understanding of respondents' moral behaviour in a social personal setting, especially by examining the two major components of an individual's moral behaviour process, namely 'moral judgement' and 'moral motivation'. These are evaluated by adopting Rest's (1986) four-component moral behaviour model. McDonald and Pak's (1997) ten business scenarios investigate the differences and

similarities between the managers' moral behaviour in decision-making within a business context. The purpose of including the ten business scenarios in the questionnaire is to explore whether respondents' moral behaviours in business situations are similar to their moral behaviours in a social personal setting. The question arises as to what extent is the managers' moral behaviour in making decisions when facing moral dilemmas in business situations predicted by their personal moral reasoning and personal value priorities (moral motivation)? What differences and similarities are there in the Chinese and British managers' moral behaviours in business situations compared to those discovered in the social personal setting? This chapter presents demographic information on respondents and findings of the similarities and differences between the Chinese and British managers with regards to: (1) their moral development stages based on the results of the DIT, and, (2) the findings from the PVS.

The Respondents

The managers involved in this study were local and expatriate British and Chinese managers who were employed full-time at managerial levels in British MNCs in both China and Britain. Overall, 53% were Chinese and 47% were British. These managers can be categorised into any of the following four types: local British managers in the UK, local Chinese managers in China, British managers who have had expatriate experience in China, and Chinese managers who have had expatriate experience in the UK. The majority of the respondents (71%) are aged between 26 to 45. Of all the respondents, only a quarter were female. Nearly 80% of the respondents had at least a first degree. Almost half of the respondents (43%) were from senior management levels. Nearly an equal number of respondents were either middle managers or line managers. The remaining 8% of the respondents were CEOs or on executive boards. Almost half of the respondents were from the service sector. A quarter of them were from manufacturing industry. The majority of the respondents work in general management positions and in sales and marketing. The full respondent profile of the total Chinese and British manager samples are in table 6.1 below. These managers were contacted either by the researcher or through contacts from different organisations and asked to fill out either the English or Chinese versions of the questionnaire.

Table 6.1 Respondent Profile: Profile of Total Chinese and British Manager Sample (Percentage)

Demographic variables		Percentages (%)		
		Total manager sample	Chinese manager sample	British manager sample
Age of respondents	=<25	4	3	1
	26-35	36	22	14
	36-45	35	18	16
	46-55	19	8	11
	56-65	6	1	5
	Missing data	1	1	0
Sex	Male	76	41	35
	Female	24	12	12
Education	Diploma/secondary school	14	5	9
	Bachelor's degree	36	25	11
	Master's degree/Ph.D.	43	23	20
	Professional qualification	7	0	7
Level of hierarchy	CEO / Executive board	8	3	5
	Senior manager	43	15	28
	Middle manager	25	15	10
	Line manager	24	20	4
Working experience	1-5 years	35	23	12
	6-10 years	26	16	10
	11-15 years	17	8	9
	16-20 years	12	4	8
	>20 years	10	2	8
Functional areas	Marketing/sales & related areas	26	17	9
	Finance/accounting	9	4	5
	Production & related areas	11	3	8
	General management	36	15	21
	Human resources & related areas	7	4	3
Type of industry	Computing/engineering	11	10	1
	Primary industry - mining/extraction	12	8	4
	Secondary industry - manufacturing/energy	28	13	15
	Tertiary industry - service sectors	45	21	24
	Quaternary industry - information services	14	10	4
Current working location	Missing data	1	1	0
	China	59	51	8
	Britain	38	2	36
Job category	Both	3	0	3
	China-based Chinese manager	51	51	0
	UK-based British manager	34	0	34
Job category	Managers who have expatriate experience in China / UK	15	2	13

Moral Judgement / Moral Development Stages

Moral judgement is the second component of Rest's (1986) four-component ethical behaviour model. The purpose of investigating respondents' moral development stages in this study is to explore the differences between the Chinese and British respondents' CMD stages in a social context. The findings from the DIT might explain the differences between the Chinese and British managers' moral judgements in terms of their understanding of what is morally right and their reasons for doing what they consider to be the right thing. The questions which are answered here are: (1) Which levels of CMD do the Chinese and British managers occupy? (2) What are the differences and similarities between Chinese and British managers' moral judgements? (3) Is there any significant relationship between Chinese and British managers' CMD and cultural influences?

The Research Instrument

The DIT was developed by James Rest (1979) to reduce the weakness of scoring difficulties of Kohlberg's (1969) 'Moral Judgement Interview' methodology. A short version of the DIT has been successfully used in a number of cases (see, for example, Ma, 1988; Ma and Chan, 1988) although weaker reliability and validity would occur as the consequence of using fewer scenarios (Rest, Thoma, Narváez and Bebeau, 1997). Due to the length of the whole questionnaire, the three-scenario version was adopted in this study (containing Heinz and the Drug, the Escaped Prisoner, and the Newspaper scenarios). Each DIT story describes a moral dilemma (table 6.2 provides an example).

Table 6.2 An Example of DIT – Heinz and the Drug

In Europe, a woman was near death from a special kind of cancer. There was one drug that the doctors thought might save her. It was a form of radium that a chemist in the same country had recently discovered. The drug was expensive to make, but the chemist was charging ten times what the drug cost to make. He paid £200 for the radium, and charged £2000 for a small dose of the drug. The sick woman's husband, Heinz, went to everyone he knew to borrow the money, but he could only get together about £1000. He told the chemist that his wife was dying, and asked him to sell it more cheaply or let him pay later. But the chemist said, 'No, I discovered the drug and I'm going to make money from it.' So Heinz became desperate and began to think about breaking into the man's store to steal the drug for his wife.

Should Heinz steal the drug? (Cross 'x' against one response only)

_____ should steal it _____ Can't decide _____ Should not steal it

Read the following statements carefully and decide to what extent each statement is considered important to you when you made your decision above. Please place a cross 'x'.

Importance					
Great	Much	Some	Little	No	
					1. Whether a community's laws are going to be upheld.
					2. Isn't it only natural for a loving husband to care so much for his wife that he'd steal?
					3. Is Heinz willing to risk going to jail for the chance that stealing the drug might help?
					4. Whether Heinz is a professional wrestler, or has considerable influence with professional wrestlers.
					5. Whether Heinz is stealing for himself or doing this solely to help someone else.
					6. Whether the chemist's rights to his invention have to be respected.
					7. Whether the essence of living is more encompassing than the termination of dying, socially and individually.
					8. What values are going to be the basis for governing how people act towards each other?
					9. Whether the chemist is going to be allowed to hide behind a worthless law which only protects the rich anyhow.
					10. Whether the law in this case is getting in the way of the most basic claim of any member of society.
					11. Whether the chemist deserves to be robbed for being so greedy and cruel.
					12. Would stealing in such a case bring about more total good for the whole society or not?

From the list of questions above, select the four most important (Write down a number for each):

Most important _____

Second most important _____

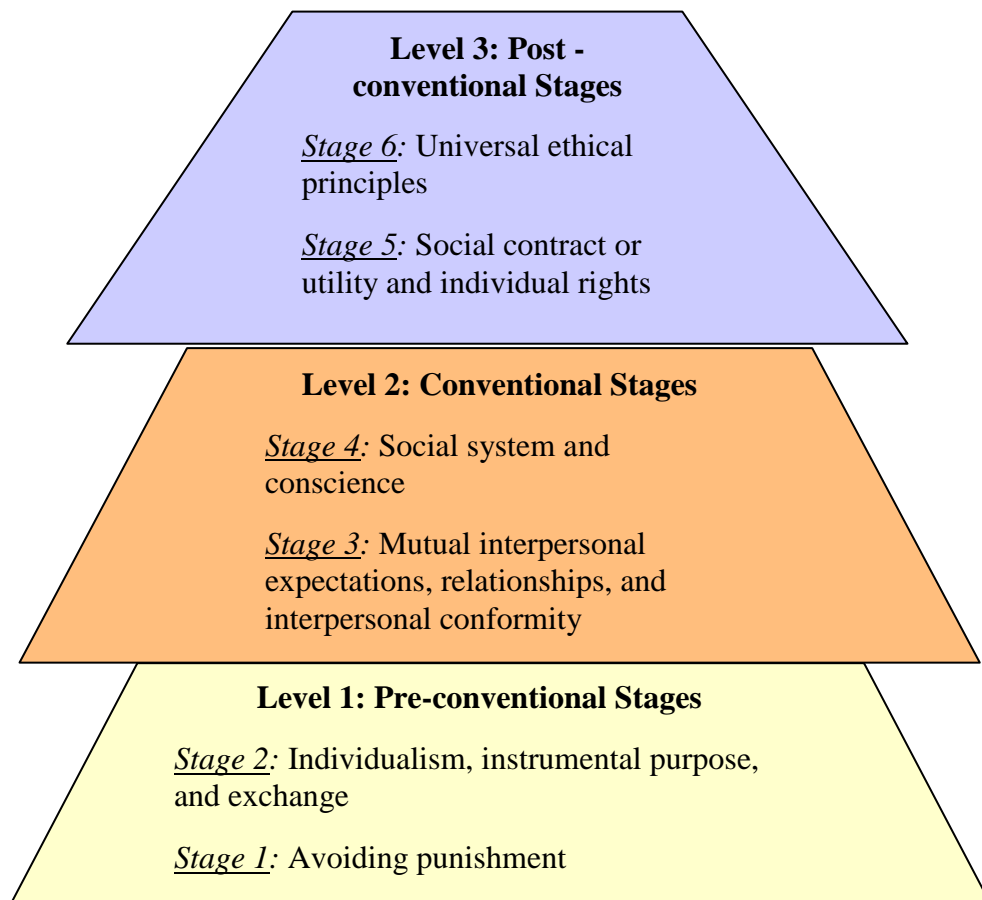
Third most important _____

Fourth most important _____

The DIT was included in the second questionnaire along with the PVS (see, Appendix 4) and was sent to the managers immediately after they had completed and returned the first questionnaire to the researcher. A Chinese version of the DIT was available to Chinese managers who took part in the research (see, Appendix 6). Out of the 105 respondents who had completed the first questionnaire, 93 of them gradually returned the second questionnaire towards the end of the data gathering period. Out of these 93 returned questionnaires, six managers did not follow the DIT instruments properly, and therefore their DIT answers could not be used for the final analysis. It thus left a total of 87 DITs which could be used for analysis, of which 45 were from Chinese and 42 were from British managers. The data from these 87 useable DITs was later transferred to hard copy scoring sheets by the researcher and sent back to the CSED at the University of Minnesota for data analysis. This is a part of the service of purchasing the DIT instrument. Each of these 87 scoring sheets has its own unique number which was given by the researcher with the intention of identifying whether the respondent is Chinese or British after having received the analysis.

Results of Moral Judgement / Moral Development Stages

This section aims to examine the differences between the Chinese and British managers' moral development stages by analysing the results from the DIT. A brief description of Kohlberg's CMD stages is shown in figure 6.1 below. According to Rest (1986), the most important DIT score is the P score, which means principle score. It indicates the relative importance individuals assign to the items that represent the highest stages of Kohlberg's cognitive moral development stages - stages five and six. Rest (1979) stated that, "*The P score is an index score which presents the sum of weighted ranks given to 'principled' items [by individuals], and is interpreted as the relative importance given to principled moral considerations in making a moral decision.*" (p.101). The individuals who score highly on the P score are able to use their own self-chosen principles to define moral values.

Figure 6.1 Stages of Kohlberg's Cognitive Moral Development

The 87 useable DITs were analysed by the CSED at the University of Minnesota. Each of them went through a five subject-reliability-check (RtXRk, M, MISRT, MISRK, and NoDIF) for ensuring that the respondents gave reliable responses. RtXRk stands for rate-and-rank consistency, M stands for meaningless items, MISRT stands for missing rates, MISRK stands for missing ranks and NoDIF stands for 'non-differentiation of rates or ranks' (Rest et al., 1997).

The CSED created measures of three schemes. Stages two and three were calculated together as one level of moral development, named 'Personal interest'. Stage four was classified as one level on its own, named 'Maintain norms'. Stages five and six were also calculated together as one level of moral development, named 'Post-conventional'. Stage one was not calculated in their DIT measurement; according to Kohlberg's (1981, 1984) studies suggest that only children under age nine, some teenagers, and many teenagers and adult criminal offenders are at this level of moral

development. Each of the 87 respondents' DIT scores was listed in the report provided by the Centre (see, Appendix 14). The data was later entered into SPSS by the researcher for further statistical analysis.

The mean of the Chinese and British respondent groups was calculated by using SPSS. For the purpose of investigating the differences between Chinese and British managers' moral development stages, the Mann-Whitney test was chosen as a non-parametric test for comparing averages of two independent samples (see, Appendix 14). Table 6.3 below highlights the differences identified between Chinese and British managers' moral development stages.

Table 6.3 CMD Stage Score Compared by Country

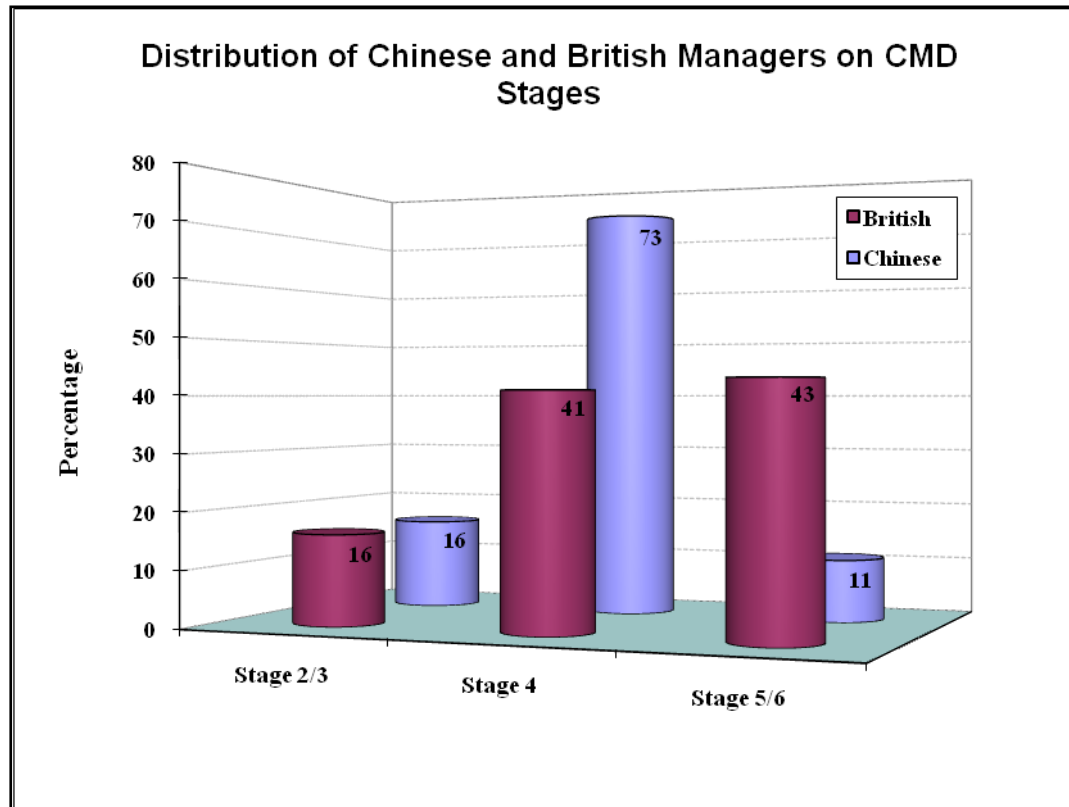
	Mean of all respondents	Chinese Mean	British Mean	The Level of Significance
Personal Interest (Stage 2/3)	23.17	21.93	24.51	0.238
Maintain Norms (Stage 4)	39.67	44.94	34.03	0.003
Post-Conventional P Score (Stage 5/6)	27.50	20.87	34.60	0.000

As can be quickly seen from table 6.3, the British respondents indicated higher levels of moral development stage when compared to the Chinese respondents. To further investigate these differences, each of the stage scores was compared across the samples. Significant differences were found between the Chinese and the British for stage five/six – Post-conventional level, with the Mann-Whitney test showing the level of significance = 0.000. This indicates that Chinese and British managers are significantly different at higher than 99% confidence level. Significant differences were also found between the Chinese and the British for stage four, with the significant level at 99%.

In addition, figure 6.2 below shows a clear picture of the distribution of Chinese and British respondents' moral development at different stages. The majority of British managers are either on stage five/six or stage four, both with a similar percentage (43% vs. 41%). Only 16% of British managers are on stage two/three. On the other hand, for the Chinese, a significant amount of them (73%) are on stage four, leaving

only a very small percentage of the Chinese on either stage two/three or stage five/six (16% vs. 11%).

Figure 6.2 Distribution of Chinese and British Managers on Different CMD Stages



The comparison between the Chinese and the British managers shows that the British respondents were significantly higher for stages five and six than were their Chinese counterparts (43% vs. 11%). According to Kohlberg (1976), the CMD score for stages five and six reinforces the assumption that British business people are not as dependent on group norms as are their Chinese counterparts. The British reliance on laws would argue for higher scores for stage five/six than that of the Chinese. The British scores appear to reflect a greater social contract orientation according to Kohlberg (1976). Kohlberg classified individuals who are on stage five/six as having ‘a sense of obligation to law because of one’s social contract to make and abide by laws for the welfare of all and for the protection of all people’s rights’. The CMD score also indicates that a lot more British respondents exempt themselves from the rules and expectations of others and define moral values in terms of self-chosen principles. Their understanding and acceptance of society’s rules appears to be based

upon formulating and accepting the general moral principles which underlie these social rules. They judge by principles rather than by convention. In contrast, fewer Chinese respondents appear to judge by using self-chosen principles.

The results indicate that the Chinese reflect a lower level of post-conventional moral development (stages five and six) and higher levels of conventional moral development (stage four) than their British counterparts (73% vs. 41%). That the Chinese focus on group norms rather than on laws would argue for higher scores for stage four than those of their British counterparts. It is important to note here that the Chinese responses were significantly higher for stage four, reflecting that the Chinese managers' morality consists of socially-shared systems of moral rules, roles and norms, and that they identify with the rules and expectations of others, especially those of authorities (Kohlberg, 1976). This would naturally make sense given the collectivist orientation of the Chinese as discussed earlier. This is not surprising, since moral reasoning at the social convention level gives priority to group benefits over individual gains, which is reflected in the Confucian goal of harmony. It is also important to remember that Lei and Cheng (1984) questioned the potential inflation of stages three and four for the Chinese, since the Chinese community has more responsibility over individual acts, and therefore peer groups cannot be easily separated from society.

Rest and Narváez (1994) summarised the findings from various studies which researched the influences of age, gender and qualification on individuals' moral development. Rest and Narváez concluded that the older individuals are, the higher the stage of moral development they generally have; individuals who had higher levels of education were at the higher level of moral development stages; and females scored slightly higher at moral development stages than males at every educational level. In the current study, the majority of the respondents were aged between 26 to 45. Nearly 80% of the respondents had gained at least Bachelors' degrees. Of all the respondents, only a quarter were female. It is clear from table 6.1 (on p.127), that the distribution of age, qualifications and gender/sex between the British and Chinese respondents is quite similar. Therefore, it could be concluded that age, qualifications and gender/sex are not the main factors that influenced the differences between

Chinese and British managers' moral development stages although further research is needed with larger numbers of respondents.

Finally, an equal percentage (16%) of British and Chinese respondents fell into stages two and three. It seems that these respondents follow rules only when it is to their own immediate interest (Kohlberg, 1976). It is known that Westerners have always been perceived to be more self-interested and self-centred than East Asians (Hofstede, 1980). However, the interesting findings here suggest that the same percentage of Chinese and British respondents have pre-conventional moral reasoning. Although the sample size is very small, can it be claimed, that during the last 27 years of Chinese economic development, that market ethics have been introduced to the Chinese? Have the Chinese obtained a similar materialistic view about life and a Western style of consumerism? The evidence here suggests that the Chinese have become more self-centred and there appears to be no difference between the Chinese and British managers who might follow rules simply for their own self-interest.

Discussion of Moral Judgement / Moral Development Stage

These findings are very similar to research findings from previous studies by scholars using non-Western participants, such as, Rest and Narváez (1994), Tsui (1996), Ford et al. (1997) and Tsui and Windsor (2001). These authors all conclude that the Chinese CMD stage is lower than that of Westerners. They found that Chinese respondents' CMD is normally on stage three or four. On the other hand, the Westerners' stage level is higher than that of the Chinese. Some of these authors conclude that the differences between Chinese and Westerners' CMD stages are due to the influence of cultural differences between West and East, as can be seen, for example, by referring to Hofstede's culture typology.

Although the findings suggest that Chinese managers are at a lower CMD stage than that of the British, the results should not be interpreted as indicating that the Chinese managers are less morally developed than their British counterparts. Researchers, such as, Lei and Cheng (1984) previously pointed out that although CMD has been used in research with Chinese respondents, Kohlberg's explanation of post-conventional moral reasoning as categorised by stages five and six may be more

suitably applied to Westerners than to East Asians. These researchers argued that people in collective societies assign much greater importance to their groups than to their self-development as an independent decision maker. Therefore, they stress that stage four may represent an advanced level of moral development for the individual from a collective society such as China. Researchers, such as, Ma (1988) have undertaken several CMD studies in comparing Chinese and Westerners and Ma has a similar argument to that of Lei and Cheng.

As Hofstede's (1980) research on international cultures suggests, the Chinese are more collective, higher in uncertainty avoidance, and have a larger power distance than British managers. The Chinese might therefore be expected to be more 'rule-oriented' than the British, and therefore to be more bound by stage four's moral reasoning which is to maintain rules, codes and norms. Influenced by Confucian ethics, as part of a collectivist society, the Chinese are more likely to be influenced by the rules and norms of social groups or organisations which they belong to as discussed in chapter four. The high power distance culture in China means that the Chinese are more likely to accept the inequality in power and authority which exists in most social groups and organisations. Chinese traditional ethics requires the Chinese to show respect to people who have high positions and high status, and direct questioning to these people in authority is not expected. Finally, the Chinese have a high degree of uncertainty avoidance culture. Generally, they try to avoid any uncertainties which could potentially cause problems in their social group or their organisation as a whole. Maintaining social harmony with others is the centre of Confucius's ethical teaching; therefore, Chinese value human relationships more importantly than anything else (see, chapter three). Thus, the Chinese tend to follow what everyone else does even if they do not agree. It is also the case that people in societies such as those in China, tend to be less tolerant of any differences from the existing rules and norms which have been accepted in their social groups and organisations. Because of the above factors, Chinese managers are expected to be more likely to be at stage four – the conventional level of Kohlberg's (1969) theory - than their British counterparts, as this stage is attached to societal/organisational rules and norms.

British managers' moral judgements appear to be influenced by the ethical and cultural traditions in Britain. Western ethics are more individualistic, by judging whether an act is good for the individual. Traditional Western ethics emphasise individuals' rights, freedom, entitlement, equality and justice, as well as universal right and wrong. Hofstede (1980) found that Western societies, such as, Britain, have a highly individualistic culture in which individuals are self-oriented rather than group-oriented. It is clear that Western culture and the teachings of Western ethics in Britain are in contrast with those in China. Therefore, British individuals are less likely to be influenced by social rules and standards compared to Chinese individuals. Unlike the Chinese, the British are more likely to use their own moral judgment when reasoning whether an action is right or wrong. These ethical and cultural differences between China and the UK appear to have a direct influence on managers' moral judgements in these two countries. As a result, far fewer British managers are at stage four than their Chinese counterparts; and more British managers are at stage five/six compared to the Chinese. Furthermore, Western ethics guide individuals to be concerned about rationality and law in their decisions. The more legalistic views of the British managers might lead them more towards stages five and six. Overall, the expected significant differences at the conventional and post-conventional levels of CMD between Chinese and British managers are clearly demonstrated in the results.

Moral Motivation / Motivational Personal Values

This section is intended to investigate the third component of Rest's (1986) moral behaviour model – moral motivation. The reason for combining Rest's (1979) DIT and Schwartz's (1992) PVS is to have a better understanding of respondents' moral behaviours in social personal settings by specifically exploring the two major components of an individual's moral behaviour process utilising Rest's (1986) four-component moral behaviour model. According to Rest (1986), individuals behave morally only if they are motivated by their moral values. Therefore, moral motivation is defined by the extent to which individuals' actions are motivated by their moral values. Moral motivation, as Rest (1986) stressed, requires the individual to give priority to their moral values over and above other competing values. Consequently, the investigation of the individual's value priorities appears to be crucial to this

research. As the respondents in this study are from two different countries, it is expected that individuals would have different kinds of value priorities.

The psychologist, Schwartz, also presents in his studies that people's behaviour is guided by the values that are given priority to among competing values. People might behave differently if they give priorities to different values and these are influenced by the motivation underlying their actions (Schwartz, Verkasalo, Antonovsky and Sagiv, 1997; Sagiv and Schwartz, 2000). Therefore, the purpose of adopting Schwartz's PVS is to explore factors which might motivate Chinese and British managers by investigating the kind of values which they would give priority to. The questions which should be answered at the end of the section are: (1) What are the differences and similarities between Chinese and British managers' value priorities? (2) What kind of values motivate Chinese and British managers? (3) Is there any significant relationship between Chinese and British managers' motivational values and cultural influences between the two countries?

The Research Instrument

The Schwartz's PVS instrument includes 56 value items which are divided into two value lists in the survey. The respondents were given a scale of importance from -1, 0, 1, 2, 3, 4, 5, 6, to 7; '-1' is completely opposed to an individual's value, '0' is not important, '3' indicates important, '6' is very important, and '7' is of supreme importance. The respondents were asked to read all of the values from each list, then choose the value that was most important to them and rate its importance. Next, the respondents were asked to choose the value that is most opposed to their values and rate it '-1'. If there is no such value, the respondents were asked to choose the value least important to them and rate it '0' or '1', according to importance. Then the respondents were asked to rate the rest of the values in each value list. The PVS is presented in Appendix 4.

The 56 values are listed in table 6.4 below. As can be seen in table 6.4, the 56 values are grouped into ten value types. These ten value types are: Universalism, Benevolence, Power, Achievement, Self-direction, Stimulation, Tradition, Conformity and Security.

Table 6.4 Schwartz's Four Value Orientations, Ten Value Types and 56 Value Items

Self-transcendence	Self-enhancement	Openness	Conservation
<u>1. Universalism</u> Protecting the environment A world of beauty Unity with nature Broad-minded Social justice Wisdom Equality A world at peace Inner harmony <u>2. Benevolence</u> Helpful Honest Forgiving Loyal Responsible True friendship A spiritual life Mature love Meaning in life	<u>3. Power</u> Social power Authority Wealth Social recognition Preserving my public Image <u>4. Achievement</u> Successful Capable Ambitious Influential Intelligent Self-respect	<u>5. Self-direction</u> Creativity Curious Freedom Choosing own goals Independent <u>6. Stimulation</u> Daring A varied life An exciting life <u>7. Hedonism</u> Pleasure Enjoying life	<u>8. Tradition</u> Devout Respect for tradition Humble Moderate Detachment Accepting my portion in life <u>9. Conformity</u> Politeness Honouring parents and elders Obedient Self-discipline <u>10. Security</u> Clean National Security Social order Family security Sense of belonging Reciprocation of favours Healthy

Source: Schwartz et al. (1997, p.8), Schwartz's original questionnaire survey, and keying of ten individual level values scale

The ten value types could be further grouped into four value orientations: Self-transcendence, Self-enhancement, Openness and Conservation. The definitions of these ten motivational types of values are presented in table 6.5 below.

Table 6.5 Definitions of Motivational Types of Values in Terms of Their Goals and the Single Values that Represent Them

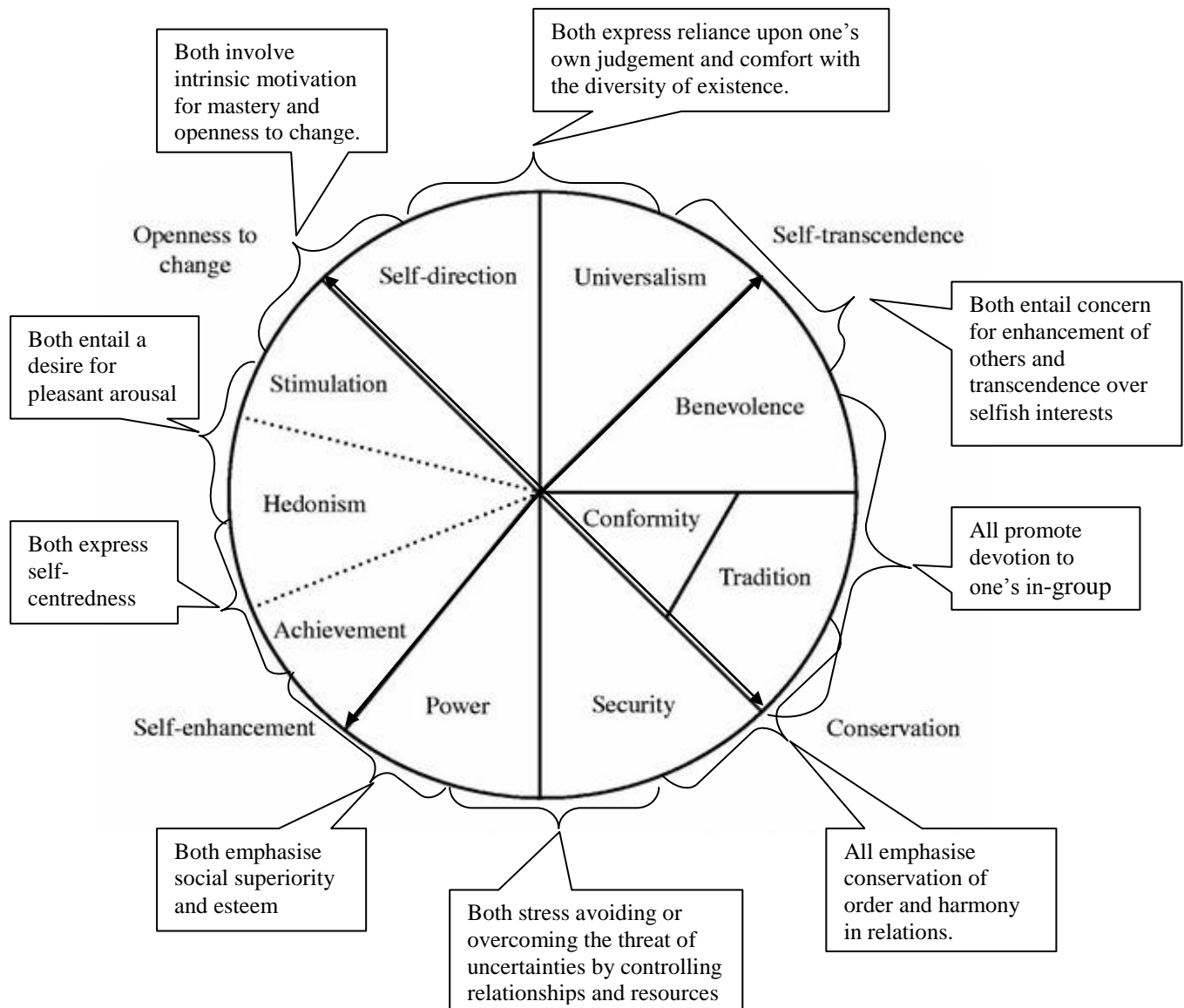
Value Types	Definitions
Universalism	Understanding, appreciation, tolerance and protection for the welfare of all people and for nature.
Benevolence	Preservation and enhancement of the welfare of people with whom one is in frequent personal contact.
Power	Social status and prestige, control or dominance over people and resources.
Achievement	Personal success through demonstrating competence according to social standards.
Self-direction	Independent thought and action-choosing, creating, exploring.
Stimulation	Excitement, novelty, and challenge in life.
Hedonism	Pleasure and sensuous gratification for oneself.
Tradition	Respect, commitment and acceptance of the customs and ideas that traditional culture or religion provide the self.
Conformity	Restraint of actions, inclinations and impulses likely to upset or harm others and violate social expectations or norms.
Security	Safety, harmony and stability of society, of relationships and of self.

Source: Schwartz et al. (1997, p.7)

The two major value conflicts that define the structure of the value systems are shown in figure 6.3 below. One dimension shows ‘Openness to change’ which is in opposition to ‘Conservation’, because ‘Openness to change’, contains ‘Self-direction’ and ‘Stimulation’ value types, which are opposite values to those contained in ‘Conservation’- ‘Tradition’, ‘Conformity’ and ‘Security’. The individuals with the latter values are more conventional and avoid changes in their lives, which is opposite to individuals who have independent thoughts and actions. The other dimension present ‘Self-transcendence’ which opposes ‘Self-enhancement’ because ‘Self-transcendence’ includes the altruistic value types of ‘Universalism’ and ‘Benevolence’, and ‘Self-enhancement’ includes the more egoistic values relating to ‘Power’ and ‘Achievement’. The individuals with ‘Self-transcendence’ type values care about other people’s welfare and have a strong sense of equality, which contrasts

to individuals with 'Self-enhancement' values who are concerned about their own achievement and power over others.

Figure 6.3 Theoretical Model of Relation among Ten Motivational Types of Values



[Source: Schwartz (in Seligman, Olson and Zanna, 1996, p.4-5)]

The Results of the Personal Value Survey

From the 93 returned second questionnaires, one PVS was spoiled. Therefore, a total of 92 PVSs was used for analysis, of which 49 were Chinese and 43 were British. All

the respondents completed a 56-item value survey, designed by Schwartz, in which they rated the importance of each value ‘as a guiding principle in my life’ on a nine-point scale ranging from 7 (of supreme importance) to 0 (not important) to -1 (completely opposed to my values). The manual was provided by Schwartz for calculating the results (see, Appendix 15). The full detail of the data analysis of the PVS is illustrated in the methodology chapter (chapter five, pages 121-122) and Appendix 15. Indices of the importance of each value type were computed by averaging the importance ratings of the values representative of that type (see, table 6.6).

The differences and similarities between Chinese and British managers’ responses to each motivational value type are shown in table 6.6. In comparing the differences between Chinese and British managers’ personal values, it was discovered that there are significant differences on four value types between Chinese and British managers. These four value types are ‘Stimulation’, ‘Power’, ‘Hedonism’ and ‘Conformity’.


**Table 6.6 Response Comparisons for Chinese and British Managers
Results of Mann-Whitney Test**

Chinese Managers vs. British Managers			
Ten Value Types	The level of significance	Mann-Whitney U statistic	Summary of the results
Conformity	0.021	760.000	Different
Tradition	0.063	816.000	Similar
Benevolence	0.403	946.000	Similar
Universalism	0.079	829.000	Similar
Self-direction	0.232	900.000	Similar
Stimulation	0.000	521.000	Different
Hedonism	0.021	759.500	Different
Achievement	0.172	878.500	Similar
Power	0.000	564.000	Different
Security	0.388	942.500	Similar
No. of values with significant results	4		

The significant differences between Chinese and British managers’ personal values indicate that they appear to give different priorities to these four value types. It is very likely that these differences could influence an individual’s behaviour in decision-making. Table 6.7 below presents the ten motivational value types. These are

presented hierarchically to signify the greatest level of differences between Chinese and British managers' personal values, for example, 'Stimulation' through to 'Benevolence' which is the most similar. More importantly, table 6.7 presents an indication of the level of importance British and Chinese managers gave to such values. For example, Chinese and British managers' responses to the value 'Stimulation' is significantly different because British managers rated 'Stimulation' as much more important than did the Chinese. 'Stimulation' is defined as excitement, novelty and challenge in life. The value 'Hedonism' is also rated as much more important by British managers than the Chinese, where 'Hedonism' is defined as pleasure and sensuous gratification for oneself. The significant difference between British and Chinese managers here is that these values have been given much more importance by British managers. According to Schwartz's definition of these values, it indicates that British managers are more self-centred, have more desire for pleasure and enjoyable stimulation in comparison to Chinese managers, and that the British managers also have an intrinsic motivation for mastery and openness to change. These values of British managers are highly likely to motivate them to act differently from the Chinese.

Table 6.7. Response Comparisons for Chinese and British Managers' Rating of Importance on Motivational Types of Values

Ten Value Types	The level of significance	Mann-Whitney U statistic	Summary of the results	
			Level of difference	Indication of importance
Stimulation	0.000	521.000	Most different	British > Chinese
Power	0.000	564.000		Chinese > British
Hedonism	0.021	759.500		British > Chinese
Conformity	0.021	760.000		Chinese > British
Tradition	0.063	816.000		Chinese > British
Universalism	0.079	829.000		British > Chinese
Achievement	0.172	878.500		British > Chinese
Self-direction	0.232	900.000		British > Chinese
Security	0.388	942.500		Chinese > British
Benevolence	0.403	946.000	Most similar	British > Chinese

On the other hand, for the Chinese, they rated two values, 'Power' and 'Conformity' as much more important than did their British counterparts. According to Schwartz (in Seligman, Olson and Zanna, 1996), 'Power' is defined as 'social status and prestige, control or dominance over people and resources'. 'Conformity' is defined as 'the restraint of actions, inclinations, and impulses likely to upset or harm others and

violate social expectations or norms'. The significant difference which separates Chinese from British managers here is that these values indicate the Chinese managers' motivational orientations. These orientations indicate that Chinese managers possibly emphasise social power and respect, and support loyalty to their in-groups. They emphasise the maintenance of order and harmony in relationships, and they stress avoiding or overcoming the threat of uncertainties by controlling their relationships and resources. These two values indicate that Chinese managers are highly likely to motivate themselves to act differently from their British counterparts.

Although no significant differences have been shown in the other values, there are still minor differences as well as similarities to consider between Chinese and British managers' other motivational values. 'Self-direction', 'Universalism' and 'Achievement' were rated as more important by the British than the Chinese. According to Schwartz (in Seligman et al., 1996), the first two values could express that British managers have dependence upon their own judgement and the acceptance of the diversity of existence. 'Achievement' and 'Hedonism' both express British managers' self-centeredness. The Chinese managers, on the other hand, rated 'Tradition' and 'Security' more importantly than did the British managers. These two values both emphasise conservation of stability of society and customs and of order and harmony in relationships.

Discussion of Motivational Personal Values

The above research findings appear to suggest that the Chinese and the British are likely to behave differently when they are motivated by the different values which they would attach importance to. British managers are, apparently, more likely to be motivated by self-interest and self-centeredness, and a desire for pleasure. They could also be motivated by the value of 'Openness to Change', which values independent thought, choice of action, challenges in life; and of exercising personal judgement. On the other hand, Chinese managers appear to be more likely to be motivated by social power and respect, their loyalty to their in-groups, maintaining order and harmony in relationships, and avoiding or overcoming the threat of uncertainties. These interesting findings again prove the influence of both Chinese and British ethical and cultural backgrounds upon the respondents' personal values. The difference between

the respective British and Chinese individualistic and collectivistic societies, low and high uncertainty avoidance, and low and high power distance culture as referring to Hofstede's (1980) findings, is clearly shown here. The same sort of influence of cultural differences between China and Britain on managers' moral judgements has already been found in previous section of this chapter.

Chapter Conclusions

The findings presented in this chapter proved that differences exist between the Chinese and British managers' moral judgement in terms of how they reason what is morally right or wrong. Differences were also found between Chinese and British managers' motivational personal values as to the kind of values they would prioritise when making decisions.

The majority of Chinese managers were found at stage four of moral judgment. They judged whether an action was morally right or wrong according to social or group norms and rules. For avoiding any uncertainty within the system which they belong to, the Chinese tend to follow what everybody else does. The Chinese respondents also value group loyalty and social superiority and esteem. They value the maintenance of certainties and harmony and order, which are often maintained by not giving self-judgement within their collective social groups and organisations. How Chinese managers reason for doing right and how they give importance to their personal values are very likely to affect how they behave and act. It appears that Chinese managers are motivated to make decisions which would keep the social group or organisation going as a whole, and they do what they can to avoid uncertainties, and maintain harmony, order and relationships with the others in the social group or organisation they belong to.

On the other hand, fewer British managers appear to be motivated to make decisions according to conventional moral reasoning and personal values. Many more British than Chinese managers reasoned that doing the right thing is dependent on their obligation to the law, for the welfare and the rights of all, for work obligations, and for their individual chosen ethical principles. The findings suggest that the British value 'Self-centeredness' and 'Self-judgement', and were willing to face change and

diversity. Because of these differences, the British are very likely to behave and act differently from the Chinese. It appears that a significant number of British managers could be motivated to make decisions that can fulfil their obligation to work and the law as long as their actions satisfy the majority of people, their self-interest or individual moral beliefs.

The question is, how and, to what extent, the respondents' personal moral reasoning and personal value priorities (moral motivation) would influence and be reflected in managers' moral behaviour in business decision-making. What are the differences and similarities between Chinese and British managers' moral behaviour in business situations in terms of moral judgement, moral motivation and decision-making? It appears that Chinese and British managers would make different decisions about certain actions. Another question is, do moral issues themselves really matter in terms of triggering managers' behaviour in making decisions? The next chapter presents the findings from the investigation of managers' moral behaviours in decision-making when facing ethical scenarios in business situations.

Chapter Seven

Results of the Postal Survey – Two

Introduction and Chapter Overview

The previous chapter presented the results from the investigation of Chinese and British managers' moral judgements and moral motivations in personal and social settings. Differences were found between how Chinese and British managers judged what they thought was correct as well as their personal motivational values. So, what are the differences and similarities between Chinese and British managers' moral behaviour when making decisions in business situations? To what extent are differences found in moral judgments and moral motivations in personal and social settings related to the managers' moral behaviour when making decisions in business? This chapter first presents the findings from the investigation into Chinese and British managers' moral behaviour in decision-making by using ten business scenarios adopted from an existing research study (McDonald and Pak, 1997). Then, the chapter explores the degree to which the managers' moral behaviours in making decisions could be predicted by their moral judgement and personal motivational value priority (moral motivation). A brief description of the research instrument is also presented below.

Ethical Scenarios in Business Situations

Individual managers were asked to make decisions on a range of hypothetical business situations. The ten scenarios used in this research (see, Appendix 3) were adapted from McDonald and Pak's (1997) study of 'Ethical Perceptions of Expatriate and Local Managers in Hong Kong'. As mentioned in the previous chapter, the ten business scenarios were adopted to investigate the differences and similarities between the managers' moral behaviour in decision-making within a business context. The scenarios also explore whether respondents' moral behaviour in business situations is similar to their moral behaviour in social personal settings. The final selection of ethical issues to be used in this research was guided by the objectives of obtaining a broad perspective of unethical business activity. Issues, such as, bribery, industrial pollution, product safety problems, whistle-blowing and nepotism, which

are dealt within these scenarios have received increased emphasis in recent years in both international and domestic business environments.

For each of the ten scenarios, three responses were requested. The respondents were asked whether they would agree or disagree with the actions which were suggested using a five-point Likert-style scale. Next, they were asked to indicate why they thought their decision was the right one, and finally, what they considered to be the most important issue when making their decision. This is due to the fact that this research is interested in finding out not only a respondent's decision, but also, how respondents' judge their decisions and their moral motivation behind them. This is a different approach from previous studies, which only asks whether respondents would engage in unethical business practices. This led to, two open-ended questions being added to each scenario for establishing their moral motivation underlying their decisions and how respondents judge their decisions. Extracts of the ten scenarios are shown below in table 7.1 below.

Table 7.1 Extracts of the Ten Scenarios

1	International bribery	paying an influential government official in a large south Asian country 5% of the expected first-year profits to 'smooth the way' for initial market entry
2	Deceptive gaining of competitor information	sending an employee, pretending to be a potential client, to the unveiling of a new product development launch in order to gain valuable information
3	Not exposing personal error	hiding a potentially costly personal error
4	Nepotism	employing an immediate relative in favour of a more experienced long-term employee
5	Whistle-blowing	not reporting to external authorities information that one of the products produced by your firm is defective and unsafe
6	Deceptive advertising / labelling	falsely putting 'new and improved' on product packaging and advertising knowing that the statement is not true but that it will increase sales
7	An environmental issue	dumping industrial waste in a rural area where there are less strict regulations on industrial waste dumping
8	The infringement of copyright	lending software to a close friend who is in financial difficulty
9	Protection of a dishonest employee	not firing a valuable but dishonest employee
10	Bribery involving a third party	appointing a sub-agent to handle the market development and necessary gift-giving and money transfer

Results of Decisions in Each Scenario

For the purpose of investigating the differences and similarities between Chinese and British managers' decisions in each scenario, the Mann-Whitney test was chosen as a non-parametric test for assessing whether two samples of observations come from the same distribution (Kinnear and Gray, 2004). Table 7.2 highlights the differences and similarities identified between Chinese and British managers.

Table 7.2 Response Comparisons for Chinese and British Managers

**Results of the Hypotheses Testing: Mann-Whitney Test
Chinese Managers vs. British Managers**

Ethical scenario	Mann-Whitney U statistic	Exact p-values (two-tailed)	Summary of the results
S1: International bribery	837.500	0.001	Different
S2: Deceptive gaining of competitor information	1048.500	0.117	Similar
S3: Not exposing personal error	1216.000	0.599	Similar
S4: Nepotism	947.500	0.021	Different
S5: Whistle-blowing	739.500	0.000	Different
S6: Deceptive advertising / labelling	1034.000	0.121	Similar
S7: An environmental issue	1159.500	0.371	Similar
S8: The infringement of copyright	1235.500	0.897	Similar
S9: Protection of a dishonest employee	1001.000	0.053	Different
S10: Bribery of a third party	659.500	0.000	Different
No. of scenarios with significant results	5		

Statistically significant differences and similarities in the responses to the ethical scenarios were identified between the Chinese and British managers. Of the ten ethical scenarios, decisions on five moral issues (S1 International bribery, S4 Nepotism, S5 Whistle-blowing, S9 Protection of a dishonest employee, and S10 Bribery of a third party) are significantly different. Their decisions on the other five scenarios (S2 Deceptive gaining of competitor information, S3 Not exposing personal error, S6 Deceptive advertising/labelling, S7 An environmental issue, and S8 The infringement of copyright) are statistically similar. Detailed analysis can be found in Appendix 16.

The results of the Chinese and British managers' decisions in each scenario in terms of whether they agree or disagree with the actions suggested in each scenario is calculated by using Crosstabs in SPSS (see, Appendix 16) and presented below in table 7.3.

Table 7.3 Managers' Decisions on the Ten Scenarios

Business scenarios	Agreed		Disagreed	
	Chinese	British	Chinese	British
S1: International bribery	51%	19%	45%	77%
S2: Deceptive gaining of competitor Information	68%	53%	28%	45%
S3: Not exposing personal error			98%	96%
S4: Nepotism	42%	17%	47%	66%
S5: Whistle-blowing	51%	19%	40%	75%
S6: Deceptive advertising / labelling	30%	47%	51%	38%
S7: Environmental issue	8%	6%	91%	83%
S8: The infringement of copyright	25%	30%	62%	66%
S9: Protection of a dishonest employee	64%	43%	34%	49%
S10: Bribery including a third party	64%	26%	25%	75%

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

The respondents were asked two open-ended questions: (1) 'What did you consider to be the most important issues when you made your decision?'; (2) 'Why do you think that was the right decision to take?'. As mentioned in the methodology chapter (chapter five, pages 119-120), answers to the two open-ended questions were coded and entered into SPSS for the descriptive statistics through Crosstabs analysis. The SPSS data output of these analysis is presented in Appendix 17-26. Each scenario will be discussed here but more detailed content analysis outlining responses are in Appendix 27. Respondents gave very similar answers to both questions which appear to indicate moral motivation was very closely related to moral judgement. That is, it indicates similarity in moral thinking and moral action in business situations. However, this may well be a result of difficulty for managers in separating these two questions. In some cases, the respondents show a lack of interest to answer the second open-ended question, possibly because they find the questions too time consuming. Therefore, they just gave a similar answer to the first question. In two extreme cases, the respondents ignored the second open-ended question totally and did not give any

answer. Under such circumstances, the researcher decided to only present the findings gathered from the first open-ended question as to what was the most important issue considered by the respondents when they were making decisions. That is, as to what really motivated the respondents when making their final decisions.

The research findings are summarised in tables 7.4 to 7.13 below. The scores in each table represent the likelihood of taking the action where; 1 means ‘disagree’ and 3 means ‘agree’. For each scenario, the mean and standard deviation of Chinese and British samples were compared by conducting an Independent-Sample T Test and to see whether the Chinese managers’ decisions were significantly different from those of the British managers. Explanations for the decisions and the percentage of subjects who chose each rationale are also included in the tables. The results from each of the ten scenarios will be discussed in turn.

Scenario 1 - International Bribery

The first scenario involves the respondents having to pay an influential government official in a large south Asian country 5% of expected first-year profits to ‘smooth the way’ for initial market entry. The Chinese and British samples differed significantly in terms of how they would resolve this situation. The Chinese respondents, as shown in table 7.4 below, were much more likely than their British counterparts to make the payment to the government official to get their product into the foreign country. The average scores are 2.06 for the Chinese and 1.43 for the British. One in two Chinese managers agreed to pay the 5% commission to the government official to ‘smooth the way’. In contrast, three in four British managers refused to give the bribe.

Of the Chinese managers, 51% agreed to make the payment. In explaining their actions, the Chinese respondents who agreed to make the payment indicated overwhelmingly that they were motivated by the business value of maximising their company’s benefits, such as, market growth and profit increase. A small number (26%) considered that following local standards and customs was the most important issue. Although only a small percentage of British respondents agreed to make the payment (19%), they give a similar reason to the Chinese. A large majority of British respondents (77%) disagreed with making the payment.

Table 7.4 Scenario 1 - International Bribery

1. Scores: likelihood of taking the action (1 = disagree; 3 = agree)

	Average	Std. dev.
Chinese managers	2.06	0.989
British managers	1.43	0.801

A Mann-Whitney U test succeeded to show significance: U = 837.500; exact p = 0.001 (two-tailed). Chinese and British managers' decisions are significantly different at 99% confidence level.

2. Motives for decisions (frequency distributions)

		Disagreed	
Choice	Motive	Chinese 45% (n=24)	British 77% (n=36)
A	Universal principles / Unethical	0% (n=0)	22% (n=8)
B	Company policies, values and ethics / Law	33% (n=8)	47% (n=17)
C	Company's benefit: long-term strategy and good practice	13% (n=3)	3% (n=1)
D	Risks: legal impact, future payments, reliability of agent, exposed for bribery and reputation damage	54% (n=13)	28% (n=10)
		Agreed	
Choice	Motive	Chinese 51% (n=27)	British 19% (n=9)
A	Follow local standards and customs	26% (n=7)	44% (n=4)
B	Company's benefit: market and profit	74% (n=20)	56% (n=5)

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

Interestingly, of these British managers who disagreed, 28% of them were motivated by avoiding risks, such as, exposure to bribery and reputation damage. Others (47%) preferred to follow company policies and the law. Some of the managers concluded that the transaction was unethical (22%). Out of the 45% of Chinese managers who disagreed with making the payment, surprisingly none of them considered the action in the scenario to be unethical. The majority of them (54%) explain their motive behind the action is to avoid risks. The above findings are very similar to the findings from Fritzsche et al.'s (1995) study, where the author found US managers view the pay-off for entering the market as illegal or unethical. On the other hand, only a tiny proportion of Asian managers considered bribery to be unethical. The majority being concerned about the credibility of the agent and the profitability of the pay-off.

It might not be surprising to see that half of the Chinese respondents agreed to make the payment, as previous studies have concluded that Chinese managers are more likely to pay a bribe compared to managers from Western countries (see, for example, Pitta et al., 1999). The Chinese responses might reflect the influence of the business culture and practices in China. As previous studies have illustrated, there is widespread corruption, bribery and a gift-giving culture within business operations in China (see, for example, Steidlmeier, 1997). This is probably the reason Chinese managers did not refer to a universal principle, because such behaviour is widely practised in their home country. The culture of making a payment to smooth out problems can be traced back to Confucian ethics. Researchers, such as, Waldmann (2000), have pointed out the influence of Confucian ethics on Chinese decisions in morally complex situations. Hofstede and Bond's (1988) research findings also suggest that in comparison with the British sample, the Chinese place more emphasis on interpersonal relationships.

From the Chinese managers' motives of agreeing to make the payment, the Chinese responses also reflect the influence of market ethics in modern China. There is clear evidence that a new market orientation under recent economic reforms appears to be furthering the development of strong market ethics in China. The discussion on the heavy influences of China's economic reform and a Western style of consumerism on Chinese people's morality has been presented in several Chinese and Western scholars' studies, such as, Buller, Kohls and Anderson, (1991), Lu (1997), Ying (2001), Wang (2002) and Hanafin (2002). These researchers indicate that Chinese people have become more materialistic and money orientated. Certain actions, such as, large-scale giving of gifts or underhand payments seem to have become acceptable in China, especially when they can be defended on the basis of company profitability.

By contrast, profit-rationale is also used by the managers who disagreed with making the payment. For the same reason of profitability, bribery was not accepted by 28% of the British managers who disagreed with making the payment. Although managers made ethically sound decisions, they were concerned with the possible negative consequences of violating the law and company business standards because of its damage to corporate reputation and other potential risks. This kind of behaviour could be a reaction due to the exposure of the unethical business behaviour cases of world-

leading MNCs, such as, Enron, Union Carbide, Nike, Gap, Shell and Nestlé, to the world public (see, chapter two). Studies, such as, Premeaux's (2009), demonstrated the significant influence of ethical climate on how US managers make business decisions since the Enron scandal. The widely introduced CSR programme in the UK's leading MNCs as pointed out by researchers like Bondy et al. (2004) could perhaps have impact on how these British respondents make their decisions. The credo of 'good ethics is good business' and 'ethics is profitable' has been proved and accepted by managers, and these have been studied by several researchers (see, for example, Zetlin, 1991; Stoffman, 1991; Rao and Hamilton, 1996). Most of the Chinese managers avoided paying bribes because of these reasons. The differences between these managers is that making payments to smooth out problems is considered to be unethical by some British managers, but not viewed as such as an unethical issue by the Chinese respondents. No Chinese managers mentioned that he/she thought the action was unethical.

Scenario 2 - Deceptive Gaining of Competitor Information

The second scenario concerns sending an employee to pretend to be a potential client to the unveiling of a new product development launch in order to gain valuable information from a competitor. As shown in table 7.5 below, both Chinese and British respondents tended towards sending an employee to gain information. Their decisions were similar on this issue. However, more Chinese managers agreed with this than did British managers. The mean response for the Chinese sample was 2.40 - more than that of the British sample at 2.09.

The majority of the Chinese and British managers considered gaining a competitor's information for business survival to be the most important issue for their decision (70% for Chinese and 50% for British). Of the British managers, 50% thought that, as the action does not break the law, it is acceptable to practice. The rationale behind these managers' decisions is very similar. The majority of managers perceived that they were playing a 'game'. They agreed that there are rules for the game, which are accepted in industry. This fits with what Carr (1968) described as 'businesses are like a poker game' (see, chapter two). He also pointed out that business people would call some business activities 'common practice', and managers would view these activities

as having nothing to do with ethics. Under the pressure of business competition, managers still act to keep within laws, but look for profit wherever the law permits. It is interesting that when facing business competition, Chinese and British managers' motives for their actions are very similar. They all used market ethics to reason their actions. In the 'game' of business, it appears that managers behave similarly regardless of their nationality.

Table 7.5 Scenario 2 - Deceptive Gaining of Competitor Information

1. Scores: likelihood of taking the action (1 = disagree; 3 = agree)

	Average	Std. dev.
Chinese	2.40	0.906
British	2.09	0.996

A Mann-Whitney U test failed to show significance: U = 1048.500; exact p = 0.117 (two-tailed). Chinese and British managers' decisions are not significantly different at 99% confidence level.

2. Motives for decisions (frequency distributions)

		Disagreed		
Choice	Motive	Chinese 28% (n=15)	British 45% (n=21)	
A	Unethical / Personal values and morals	0% (n=0)	43% (n=9)	
B	Law / Company policy, values & business ethics	53% (n=8)	19% (n=4)	
C	Putting employee in dangerous position	0% (n=0)	9% (n=2)	
D	Commercial value of the action	27% (n=4)	5% (n=1)	
E	Risks: legal impact, being found out and reputation damage	20% (n=3)	24% (n=5)	
		Agreed		
Choice	Motive	Chinese 68% (n=36)	British 53% (n=24)	
A	Common practice for marketing research	8% (n=3)	0% (n=0)	
B	Information made public / Fair game / Not breaking the law	22% (n=8)	50% (n=12)	
C	Business survival with consideration of the risk	70% (n=25)	50% (n=12)	

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

Only 28% of the Chinese and 45% of the British managers disagreed with engaging in this action. There are 43% British managers said that the most important issue was that the action was unethical and it was against their personal morals. In comparison, none of the Chinese managers gave the same reason. Some Chinese and British managers disagreed because they wanted to avoid the risk of being found out, their

reputations damaged and involvement of legal action. More Chinese managers (53%) considered law, company values and ethics to be the most important issue (vs. 19% for British). Twenty-seven per cent of Chinese managers considered the commercial value of the action and whether their company would really gain benefit from it to be the most important issue (vs. 5% for British).

Although managers made ethical decisions, some of the Chinese managers were driven by economic values and a profit-related rationale. It can be claimed that increasing business competition and potential business opportunities under China's economy have changed Chinese managers' ways of dealing in business. They have become more market and profit-orientated than their British counterparts. This finding agreed with what researchers previously discovered about the changing morality of Chinese people (see, for example, Lu, 1997; Ying, 2001; Wang, 2002). By contrast, more British managers were motivated by moral values than were the Chinese. This could be due to the well-developed ethical, legal and political system in most Western countries for guiding managers (Barry, 1991; De George, 2000). In comparison, Chinese managers have no clear guidelines on how to act in their particular business environment as described by Ying (2001). Interestingly, more Chinese managers were concerned with obeying the law and company ethical standards.

Scenario 3 – Not Exposing Personal Error

The third scenario involves a decision involving a potentially costly personal error. There are interesting findings from this scenario with no manager agreeing to hide their mistake. However, the British respondents appear to more strongly disagree with not exposing their personal error than their Chinese counterparts. The average scores in table 7.6 below are 1.02 and 1.04 for the Chinese and British samples.

Reducing company losses was stated as the most important issue to be considered by the majority of Chinese managers (62% for Chinese vs. 36% for British). The results show that only a small percentage (11%) of Chinese managers considered 'honesty, personal integrity and responsibility' as being important to them compared to 38% of British respondents. In this scenario, significant numbers of managers (especially the Chinese) appear to perceive their role as manager in their company with a duty to

serve their employer. They are also concerned with the possible negative impact on themselves if they fail to report personal error (19% for Chinese and 15% for British). The kind of behaviour found in this research agrees with several scholars' views about business managers, such as, those of Carr (1968, 1970), Barry (1979) and Badaracco (1992). These researchers noted that the managers recognise that their company pays their salary; therefore, they see themselves as economic agents for their company in order to satisfy their shareholders' interests; and make business decisions to maximise company benefits.

Table 7.6 Scenario 3 – Not Exposing Personal Error

1. Scores: likelihood of taking the action (1 = disagree; 3 = agree)

	Average	Std. dev.
Chinese	1.02	0.137
British	1.04	0.204

A Mann-Whitney U test failed to show significance: U = 1216.000; exact p = 0.599 (two-tailed). Chinese and British managers’ decisions are not significantly different at 99% confidence level.

2. Motives for decisions (frequency distributions)

Disagreed		Chinese	British
Choice	Motive	<u>98% (n=52)</u>	<u>96% (n=45)</u>
A	Honesty / Personal integrity and responsibility	11% (n=6)	38% (n=17)
B	Company culture, value and integrity	8% (n=4)	11% (n=5)
C	Reduce company losses	62% (n=32)	36% (n=16)
D	Impact on personal reputation when found out	19% (n=10)	15% (n=7)

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

The results indicate that the majority of Chinese and British managers who acted ethically were not motivated by moral values. Does this finding reflect the business reality in real business situations and the real motive underpinning companies' moral actions? Researchers, such as, Carr (1970), Zetlin (1991) and Verstraeten (1998) have pointed out that profitability is possibly the main motive that encourages most companies to engage in social responsibility. Most large companies have realised that being ethical is good for corporate reputation. It is interesting from these results that culture does not seem to have an influence on managers' behaviour in this scenario. Overall, Chinese and British managers' moral behaviour appears very similar at managerial level for this scenario. More British managers apply their personal ethical standards in their decisions compared to their Chinese counterparts.

Scenario 4 - Nepotism

Scenario 4 involves employing an immediate relative in favour of a more experienced long-term employee. Almost half of the sample of Chinese managers (42%) agreed compared to relatively small percentage of British managers (17%). Statistics suggest the Chinese and British responses on this issue are significantly different as shown in table 7.7 below.

Table 7.7 Scenario 4 - Nepotism

1. Scores: likelihood of taking the action (1 = disagree; 3 = agree)

	Average	Std. dev.
Chinese	1.94	0.949
British	1.51	0.777

A Mann-Whitney U test succeeded to show significance: U = 947.500; exact p = 0.021 (two-tailed). Chinese and British managers’ decisions are significantly different at 99% confidence level.

2. Motives for decisions (frequency distributions)

		Disagreed	
Choice	Motive	Chinese 47% (n=25)	British 66% (n=31)
A	Equal opportunity, fairness and justice	12% (n=3)	39% (n=12)
B	Should choose the best person for company	48% (n=12)	42% (n=13)
C	Hard to handle personal relationships in business / Avoid nepotism for preventing problems	40% (n=10)	19% (n=6)
		Agreed	
Choice	Motive	Chinese 42% (n=22)	British 17% (n=8)
A	Personal recommendation equally valid if she met requirement / She met the requirement	77% (n=17)	75% (n=6)
B	Friendship with HR manager	23% (n=5)	25% (n=2)

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

The Chinese were much more likely to favour a friend or relative than were the British. The most popular rationale for the Chinese was that 'the person met the requirements' (77%). These managers agreed to offer the job to a relative or friend as long as they could do it. Some of these managers value personal recommendation as a priority, which can create a good employee/employer relationship. For some other Chinese managers (23%), maintaining a good friendship with the HR manager was

considered by them as the most important issue when making their decisions. Although only 17% of British managers agreed to offer the job to a relative, their reason behind their action is similar to that of the Chinese.

Chinese traditional culture focuses on human relationships and connections (*guanxi*) which has been cited by researchers, such as, Chan, Troutman and O'Bryan, (2000), Waldmann (2000), Ying (2002) and Zhang and Zhang (2006). In this study, Chinese managers' motives reflect the possible reality of the Chinese business environment where *guanxi* is used on most occasions in Chinese society. People build a '*guanxi* web' for exchanging favours and use *guanxi* to achieve their self-interests. These kinds of business practices and culture have been discussed in studies by researchers, such as, Steidlmeier (1999), Koehn (2001), Wright, Szeto and Cheng (2002) and Sue-Chan and Dasborough (2006). Equal opportunity seems not to exist in the culture of *guanxi*. It seems acceptable for people to ask any favour through their *guanxi* web.

Refusing a good friend's request might mean not 'giving face' to the friend, breaking a good relationship and creating a conflict. The Chinese traditionally would avoid all these things happening in a good *guanxi*, which has already been cited by researchers, such as, Jackson, David, Deshpande, Jones, Joesph, Lan, Matsuno, Nakano, Park, Piorunowska-Kokoszko, Taka and Yoshihara (2000), Chow and Ding (2002) and Leung, Heung and Wong (2008). Vanhonacker (2004) states, "*To Westerners, relationships help the individuals; to Chinese, they [relationships] also define the individuals.*" (p.49). Vanhonacker argued that Chinese individuals could be treated with more respect by others, if they have good relationships with influential people. It is not surprising therefore that nearly half of the Chinese managers would agree to offer the job to a close relative.

For the British, two-thirds (66%) disagreed with offering the job to a relative. The popular reason being 'to choose the best person for the company' (42%). More British managers appear to be motivated by universal moral standards, such as, equal opportunities, fairness and justice compared with Chinese managers (39% vs. 12% for the Chinese). Although a large number of Chinese managers declined to offer the job (47%), one of the reasons behind their decision is to prevent potential problems. Of

the Chinese managers, 40% mentioned that a personal relationship is hard to handle in business, due to problems that arise when mixing personal relationship with business.

Scenario 5 - Whistle-Blowing

In the fifth scenario, the respondents needed to make a decision as to whether to report to external authorities that one of the products produced by their company is defective and unsafe. The Chinese and British samples differed significantly in terms of how they would resolve this situation. The Chinese respondents, as shown in table 7.8 below, are much more likely than their British counterparts to keep quiet. One in two Chinese managers (51%) agreed not to report this information. A high percentage (75%) of British managers disagreed with this action.

Table 7.8 Scenario 5 - Whistle-Blowing

1. Scores: likelihood of taking the action (1 = disagree; 3 = agree)

	Average	Std. dev.
Chinese	2.11	0.954
British	1.45	0.802

A Mann-Whitney U test succeeded to show significance: U = 739.500; exact p = 0.000 (two-tailed). Chinese and British managers' decisions are significantly different at 99% confidence level.

2. Motives for decisions (frequency distributions)

		Disagreed	
Choice	Motive	Chinese 40% (n=21)	British 75% (n=35)
A	Personal responsibility and value	29% (n=6)	14% (n=5)
B	Company's culture and responsibility	14% (n=3)	3% (n=1)
C	Public safety / Minimise potential crisis	38% (n=8)	69% (n=24)
D	Illegal / Legal impact on company reputation	19% (n=4)	11% (n=4)
E	Sense of guilt	0% (n=0)	3% (n=1)

		Agreed	
Choice	Motive	Chinese 51% (n=27)	British 19% (n=9)
A	Depends on significance of the risk / Depends on how the accident was reported	7% (n=2)	22% (n=2)
B	Report again / Solve internally to avoid damage to company's benefit and reputation	74% (n=20)	11% (n=1)
C	Secure my job	19% (n=5)	67% (n=6)

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

Out of the Chinese managers who agreed not to whistle-blow, 74% of them insisted on reporting again to the senior management before exposing to the external authorities. They believed that the issues should be dealt with internally first. This reflects the influence of Confucianism on the Chinese where Confucian values emphasise loyalty as described by Ying (2002). Confucian ethics are concerned with the reciprocal obligations of a superior to a subordinate in return for loyalty from the subordinate. This is relevant to the interpretation of the Chinese reaction as to attempt to deal with the issue internally first. The Chinese managers try to avoid situations that would lead to conflict between themselves and their employer. The above findings are also well supported by Hofstede's (1980) culture research, which notes that the Chinese have a high degree of uncertainty avoidance and a high degree of power distance. Researchers have found that Chinese workers fail to report negative things to their senior management; and Chinese high power-distance and uncertainty-avoidance culture were the direct cause of some serious corruption scandals in China, because no one was brave enough to 'blow the whistle' (see, for example, Ng, 1998; Seligman, 1999).

However, the Chinese managers in this study are not only influenced by their traditional culture. It appears that the emergence of market ethics is also evidenced by the fact that the Chinese used profit-related and self-interest rationales, such as, 'avoiding damage to corporate reputation and benefit' and wanting to 'secure my job'. On the other hand, for the British, only 19% agreed not to report the issue to the external authorities. Some of them considered that their decision should depend on how significant the risk is, and how the event was reported to senior managers. Some British managers expressed that they have done their job well in reporting the risk, but that they would not do anything further. The majority of them wanted to secure their own jobs.

British managers appeared to express a high level of disagreement with hiding the matter internally compared to their Chinese counterparts (75% vs. 40% for the Chinese). Public safety was considered to be the most important issue by most British managers (69%). In contrast, only 38% of Chinese managers considered the public's welfare when making their decisions. British managers' emphasis on public responsibility could well be influenced by widely introduced corporate social

standards in their organisations, which has been reflected in several studies, for example, Rao and Hamilton (1996), Wotruba et al. (2001) and Bondy et al. (2004). On the other hand, Chinese managers' responses might reflect the fact that China's economic reform under the market economic system has had an impact on the old communist party with a Maoist ideology of 'serving the people'. Maoist ideology seems to be dying out with the Chinese managers wanting to secure their jobs and be loyal to their companies. Chinese people have become more self-centred than ever as evidenced in studies by Harvey (1999), Ying (2002) and Ip (2003). This can properly explain why only a few Chinese respondents were motivated by protecting public safety. Market ethics which seek economic value and self-interest were featured in some British and Chinese managers' reasoning. Some admitted that the reason for reporting to an external authority was to avoid further damage to the company's reputation and to avoid the consequence of legal impact and of feelings of guilt themselves. These managers were concerned more with the possible negative consequences of not reporting such an incident.

Scenario 6 - Deceptive Advertising/Labelling

The sixth scenario involves falsely putting 'new and improved' on product packaging and advertising knowing that the statement is untrue but that it will increase sales. The British and Chinese samples both tended towards accepting the action. More British managers agreed than did the Chinese managers. The average scores in table 7.9 below are 2.09 for the British and 1.79 for the Chinese.

Corporate benefit of increasing sales and profit was considered to be the most important issue by the majority of British managers who agreed to put the deceptive label on the product. 'It is common practice in marketing' was considered as another important issue by British managers. Interestingly, when facing the activities which are accepted as common practice in the industry, British managers appear to be more likely to agree. Because such practice is perceived as commonly used in marketing, 36% British managers mentioned that 'it is not lying and thus there is no real fraud'. After all, they think that there is no actual harm to consumers and that they have seen similar activities being practised in several industries.

Table 7.9 Scenario 6 - Deceptive Advertising/Labelling

1. Scores: likelihood of taking the action (1 = disagree; 3 = agree)

	Average	Std. dev.
Chinese	1.79	0.885
British	2.09	0.929

A Mann-Whitney U test failed to show significance: U = 1034.000; exact p = 0.121 (two-tailed). Chinese and British managers' decisions are not significantly different at 99% confidence level.

2. Motives for decisions (frequency distributions)

		Disagreed	
Choice	Motive	Chinese 51% (n=27)	British 38% (n=18)
A	Professional ethics and standards	11% (n=3)	17% (n=3)
B	Misleading customer	30% (n=8)	44% (n=8)
C	Legal impact / Damage company reputation and long-term development when found out	59% (n=16)	39% (n=7)
		Agreed	
Choice	Motive	Chinese 30% (n=16)	British 47% (n=22)
A	Common practice in marketing / Marketing is allowed a bit of 'puffery'	12% (n=2)	23% (n=5)
B	Increasing sales and profit	63% (n=10)	36% (n=8)
C	Not lying / Not really misleading / No real fraud / No harm to others	25% (n=4)	36% (n=8)
D	Customer will not find out	0% (n=0)	5% (n=1)

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

With increasing business competition in the market and the emergence of market ethics, more British managers appear to use profit-related rationales to help themselves to make decisions. Interestingly, what was reflected in scenario two ('business is like poker game', Carr, 1968) is also indicated in this scenario. From the observation of these managers, business is a game and marketing allows a bit of gimmick and bluff. Although fewer Chinese managers agreed (30% vs. 47% for the British), their motives were very similar to those of the British. Increasing pressure from market expansion and profit-seeking is also evidenced here in motivating Chinese managers to consider economic values and use profit-related rationale within decision-making in the newly emerged market economy environment.

Economic value and profit-related rationale also appear in the reasoning of the managers who made the decision not to put the deceptive label on the product. These managers were concerned with the negative consequences of such an action. Avoiding damage to the company's reputation if 'found out' was considered to be the most important issue by the Chinese (59%) and British (39%) managers. Some British managers (44%) considered the issue of customers being misled to be the most important issue. Fewer Chinese managers (30%) seemed to consider the welfare of the different parties involved. Interestingly, only a very small number of the managers were motivated by personal ethics and standards when making their decision (11% for the Chinese and 17% for the British). Market ethics is also evidenced by the fact that even when managers agreed to act ethically, they still use profit-related rationales, such as, 'avoiding damage to company's reputation' and 'for the company's long-term development'. In this case, the Chinese managers appear to be more profit-orientated than the British. The British considered welfare of the different parties involved as being the dominant reason.

Scenario 7 - An Environmental Issue

The seventh scenario involves a decision about whether or not to dump industrial waste in a rural area where there are less strict regulations on waste disposal. The Chinese and British samples both tended towards not approving of the decision. The average scores in table 7.10 below are 1.17 and 1.23 for the Chinese and British samples respectively. With similar decisions made between the managers from China and Britain (91% Chinese disagreed compared to 83% British).

Few Chinese (8%) and British (6%) managers agreed to the dumping of industrial waste in a rural area. 'Saving costs for the company' was the reason given by the majority of these Chinese managers when agreeing to dump the industrial waste. The British, on the other hand, indicated the most popular rationale as being concerned for meeting local country standards, that is, if it is acceptable common practice and lawful in that particular country. Although only a small number of managers agreed to the act, more Chinese than British used profit-related rationales, such as, 'saving costs and making a big profit' and 'business survival' to explain their decisions. British

managers however expressed the relativist view of ‘when in Rome, do as the Romans do’ more ‘strongly’ than the Chinese did.

Table 7.10 Scenario 7 – An Environmental Issue

1. Scores: likelihood of taking the action (1 = disagree; 3 = agree)

	Average	Std. dev.
Chinese	1.17	0.545
British	1.23	0.560

A Mann-Whitney U test failed to show significance: U = 1159.500; exact p = 0.371 (two-tailed). Chinese and British managers’ decisions are not significantly different at 99% confidence level.

2. Motives for decisions (frequency distributions)

		Disagreed	
Choice	Motive	Chinese 91% (n=48)	British 83% (n=39)
A	Company standards regardless of local practice	19% (n=9)	26% (n=10)
B	Protect local environment and people	52% (n=25)	23% (n=9)
C	Protect the environment for company long-term sustainable development and reputation	19% (n=9)	23% (n=9)
D	Illegal to harm local environment	4% (n=2)	18% (n=7)
E	Risk of paying a big fine and more costs / Damage company’s reputation	6% (n=3)	10% (n=4)

		Agreed	
Choice	Motive	Chinese 8% (n=4)	British 6% (n=3)
A	Meeting local country standards	0% (n=0)	67% (n=2)
B	Saving cost and making big profit / Business survival	100% (n=4)	33% (n=1)

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

Most Chinese and British managers disagreed with dumping the waste (91% for the Chinese, 83% for the British). Chinese respondents were more concerned about the ‘impact on the local environment and population’ (52% vs. 23% for the British). On the other hand, British managers were concerned more about the law in addition to the local environment and people (18% vs. 4% for the Chinese). Nearly one in five of the managers who disagreed were motivated by their business interests in terms of the company’s long-term strategy and reputation (19% for the Chinese and 23% for the British). A minority of the respondents were motivated by self-interest regarding the avoidance of risks and the negative impact on themselves and their company. Only a

small number of Chinese and British managers considered ethics and fairness to be the most important issues when they were deciding whether or not to agree with this decision (19% for the Chinese and 26% for the British).

Scenario 8 - The Infringement of Copyright

The eighth scenario involves the issue of whether managers would lend software to a close friend who is in financial difficulty. More than half of the Chinese and British managers disagreed. The average scores in table 7.11 below are 1.62 and 1.64 for the Chinese and the British samples respectively. Statistics show that Chinese and British managers' decisions are similar.

Table 7.11 Scenario 8 - The Infringement of Copyright

1. Scores: likelihood of taking the action (1 = disagree; 3 = agree)

	Average	Std. dev.
Chinese	1.62	0.860
British	1.64	0.919

A Mann-Whitney U test failed to show significance: U = 1235.500; exact p = 0.897 (two-tailed). Chinese and British managers’ decisions are not significantly different at 99% confidence level.

2. Motives for decisions (frequency distributions)

Disagreed

Choice	Motive	Chinese <u>62% (n=33)</u>	British <u>66% (n=31)</u>
A	Personal integrity and ethics	6% (n=2)	3% (n=1)
B	Legal infringement on intellectual property rights / Impact on industry	76% (n=25)	61% (n=19)
C	Risks: legal impact, personal and company reputation, prosecution	18% (n=6)	36% (n=11)

Agreed

Choice	Motive	Chinese <u>25% (n=13)</u>	British <u>30% (n=13)</u>
A	It is common practice / Software over-priced by companies	54% (n=7)	31% (n=4)
B	Help friend	46% (n=6)	69% (n=9)

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

Similar numbers of British and Chinese managers agreed to lend the software to a friend (30% for the British and 25% for the Chinese). When making this decision, more British managers considered helping their friend and friendship to be the most

important issue (69% vs. 46% for the Chinese). More Chinese managers are motivated to lend the software to a friend simply because it is common practice (54% vs. 31% for the British). It is interesting to see that Chinese managers are influenced by both Confucian ethics and local practice. ‘Legal issues and copyright protection’ were considered to be the most important factors by the majority of Chinese and British managers who disagreed with lending software to a friend (76% for the Chinese and 61% for the British). More British managers were motivated by avoiding damage to personal and corporate reputations and prosecution (36% vs. 18% for the Chinese).

Scenario 9 - Protection of a Dishonest Employee

The ninth scenario involves a decision about whether or not to dismiss a valuable but dishonest employee. The Chinese respondents, as shown in table 7.12 overleaf, were much more likely than their British counterparts to keep the dishonest employee. The average score is 2.30 for Chinese and 1.94 for British.

In explaining their reasoning for agreeing not to dismiss the employee, ‘to talk to the employee, give a warning and a second chance’ appear to be the top priorities by the majority of Chinese managers (53% vs. 35% for the British). More British managers considered the calculation of cost and benefit of the value of the property and the employee (65% vs. 47% for the Chinese).

Confucian ethics appears to have a significant influence on Chinese managers’ motivation. ‘One should not deal with issues too extremely’ is emphasised in Confucian doctrine (Pye, 1992). A harmonious way of behaving is valued especially in dealing with relationships with the people around you, such as, family members, colleagues, friends and superiors (Ying, 2002). Chinese managers in this study would rather choose the least extreme, most ‘middle-of-the-road’ way of solving problems. The Chinese tend to focus on maintaining human relationships by using a ‘soft’ approach to deal with problems and avoid conflict. On the other hand, for British managers, their reason appears more cost-benefit oriented. The majority of Chinese and British managers were motivated by maximising corporate benefits to keep their valuable employees. These managers perceive themselves as agents of the company

and thus their responsibility is to seek the best for their company's benefit. Interestingly, their culture does not appear to influence them.

Table 7.12 Scenario 9 - Protection of a Dishonest Employee

1. Scores: likelihood of taking the action (1 = disagree; 3 = agree)

	Average	Std. dev.
Chinese	2.30	0.952
British	1.94	0.965

A Mann-Whitney U test succeeded to show significance: U = 1001.000; exact p = 0.053 (two-tailed). Chinese and British managers’ decisions are significantly different at 99% confidence level.

2. Motives for decisions (frequency distributions)

		Disagreed	
Choice	Motive	Chinese <u>34% (n=18)</u>	British <u>49% (n=23)</u>
A	Unethical behaviour	33% (n=6)	30% (n=7)
B	It is theft and has a legal impact / Company conduct and policy	39% (n=7)	39% (n=9)
C	Discipline him with pleading leniency	0% (n=0)	4% (n=1)
D	Negative impact on company’s benefit	28% (n=5)	26% (n=6)

		Agreed	
Choice	Motive	Chinese <u>64% (n=34)</u>	British <u>43% (n=20)</u>
A	Talk to him, give warning and second chance	53% (n=18)	35% (n=7)
B	Depends on value of the property and value of the employee	47% (n=16)	65% (n=13)

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

One in two British managers agreed with dismissing the dishonest employee. The 'legal impact and such behaviour being against the company's conduct and policy' was the most popular rationale for both British and Chinese respondents. Similar numbers of Chinese and British managers disagreed because they considered that the employee's behaviour was unethical. Just over a quarter of all managers (28% Chinese and 26% British) considered the negative impact on their company if they kept this employee.

Law and company conduct, business standards and policies appear to be the main influences on a large number of British managers' reasoning. As mentioned in previous scenarios, law and company standards have been strongly enforced to

managers in British MNCs in recent years. Following the scandals of large MNCs (Klein, 2000; McPhail, 2001), managers are increasingly aware of the consequences of breaking laws and company standards. On the other hand, in China, people generally value relationships first, followed by reasoning, and finally, the law.

Scenario 10 - Bribery Involving a Third Party

The tenth scenario considers the issue of using bribery involving a third party. The respondents were asked whether or not they would appoint a sub-agent to handle the market development and necessary gift-giving and money transfer. The Chinese and British samples differed significantly in terms of how they would resolve this situation. The Chinese respondents, as shown in table 7.13 below, are much more likely than their British counterparts to give bribes (64% for Chinese and 26% for British). The average score is 2.40 for Chinese and 1.51 for British.

Table 7.13 Scenario 10 - Bribery Involving a Third Party

1. Scores: likelihood of taking the action (1 = disagree; 3 = agree)

	Average	Std. dev.
Chinese	2.40	0.862
British	1.51	0.882

A Mann-Whitney U test succeeded to show significance: U = 659.500; exact p = 0.000 (two-tailed). Chinese and British managers' decisions are significantly different at 99% confidence level.

2. Motives for decisions (frequency distributions)

		Disagreed	
Choice	Motive	Chinese 25% (n=13)	British 75% (n=35)
A	Unethical	0% (n=0)	11% (n=4)
B	Legal impact / Company rules and policies	62% (n=8)	60% (n=21)
C	Company's long-term interests and benefit / Use better strategies to operate business	23% (n=3)	9% (n=3)
D	Avoid potential risks: reputation, reliability of the agent, job security	15% (n=2)	20% (n=7)

		Agreed	
Choice	Motive	Chinese 64% (n=34)	British 26% (n=12)
A	Follow local culture and practice	35% (n=12)	25% (n=3)
B	Business survival, success and financial gain	62% (n=21)	58% (n=7)
C	Depends on what kind of gift giving	3% (n=1)	17% (n=2)

(The results of the managers who neither agreed nor disagreed have been omitted in this table due to the insignificant numbers of response)

Most (64%) of the Chinese managers agreed to pay bribes. In explaining their motive, ‘business survival, success and financial gain’ were considered as the most important issues by most of these managers (62% for Chinese and 58% for British). ‘Following local culture and practice’ was another popular reason for managers who agreed to make the payment (35% for Chinese vs. 25% for British). Interestingly, a few British managers agreed to the bribe because they considered small-scale giving of gifts to be acceptable. British managers indicate that they are very clear about what they can and cannot do in terms of gift giving, and as to what is an acceptable amount of ‘giving of gifts’ and as to what might be classified as bribery. The newly emerging Chinese market ethics and local business culture and practice all influence Chinese managers’ reasoning in this scenario. Economic reforms appear to be furthering the development of strong market ethics in China with certain actions seemingly becoming acceptable in China.

Three out of four British managers disagreed with any notion of bribery. ‘Company rules and policies and the legal impact’ was the most popular reason for these decisions. The understanding of ‘being ethical is good for business’ was also indicated by a minority of British managers. They considered maximising their company’s interests in terms of long-term development as their priority. Some British managers made ethically sound decisions simply because they were concerned with possible negative consequences of violating the law and corporate standards. The avoidance of negative consequences appears to be important to them, examples being, reputation damage, being sacked or the reliability of the agent. Although only one in four Chinese managers disagreed with giving bribes, their motive was quite similar to the British except that none of the Chinese managers reasoned that the action was unethical.

Discussion of the Ten Business Scenarios

In chapter three, several studies suggested that managers from Asian countries have different ethical behaviours compared to their Western counterparts. For example, Fritzsche et al.’s (1995) study suggests that the ethical behaviour of managers from three Asian countries, Japan, Korea and Taiwan, is different from that of American

managers. Dolecheck and Dolecheck's (1987) study found that Hong Kong managers' ethical attitudes were significantly different from those of US managers, while Armstrong's (1996) study found significant differences between individuals' perceived ethical problem scores from Australia, Malaysia and Singapore. The purpose of adopting ten business scenarios in this study was to investigate whether Chinese and British managers would have similar or different moral behaviours when making decisions in business. Whereas the previous chapter looked at moral judgement and moral motivation in personal settings, this chapter has looked at the same dimension but within business settings. A comparison of these two results is presented in the final chapter of this thesis.

The overall findings of the ten business scenarios demonstrates Chinese and British managers' ethical decisions are different in five scenarios (International bribery, Nepotism, Whistle-blowing, Protecting a dishonest employee, Bribery involving a third party) and similar in the other five scenarios (Deceptive gaining of competitor information, Exposure of personal error, Deceptive advertising, Environmental issue, Copyrights). The influence of ethical and cultural tradition upon an individual's moral behaviour has been pointed out in several studies, such as, Tse et al. (1988) where they suggest that managers' ethical behaviour in making decisions can be well predicted by their cultural background. Confucianism is recognised as the dominant influence on values in China, and it is different from the Western philosophical approach to ethics. Researchers, such as, Chan et al. (2000) and Waldmann (2000) have already pointed out the influence of Confucian ethics in shaping distinctive Chinese business culture and practices. Whitcomb et al. (1998) also emphasised that the Chinese traditional cultural and ethical backgrounds, such as, Confucian and Maoist ideals, as well as economic reform with market-oriented mentality, all influence Chinese values and how the Chinese make their decisions in business situations.

The majority of Chinese managers who agreed with the actions in scenarios one (International bribery), four (Nepotism), five (Whistle-blowing), nine (Protecting a dishonest employee) and ten (Bribery involving a third party) considered profit-related rationale, Confucian ethics and local business practices were the most important issues when they were making their final decisions. Market ethics appear to

be the major influence on the Chinese managers, which leads them to use profit-related rationales in making decisions in scenarios one (International bribery) and ten (Bribery involving a third party). The majority of Chinese managers were motivated to maximise company benefits in terms of market and profit and therefore agreed to pay a government official a bribe for entering the market, or appointing an agent to deal with gift-giving and money transfer for market development. This finding is supported by Soon's (2003) study where Chinese managers adopted low ethical standards when they had to consider their organisation's interests first. The relativist view of 'when in Rome, do as the Romans do' was considered by other Chinese managers as the priority when they were deciding what to do in scenarios one and ten. As 'smoothing the way' for business development through large-scale gift-giving is commonplace in China (Kohls and Buller, 1994; Steidlmeier, 1999), it is not surprising that these Chinese managers would decide to follow the same practice in these two scenarios.

The evidence on market ethics also can be found in scenario five (Whistle blowing), where the majority of Chinese managers disagreed with reporting their company's wrong-doing to an external authority for the purpose of avoiding damage which would be adverse to corporate reputation. A cost-benefit approach was calculated by some managers, and used to avoid dismissing the dishonest but valuable employee in scenario nine (Protection of a dishonest employee). Although the above result from scenario five does not show market ethics' influence as strongly as that of scenario nine, these managers express concern about corporate profitability and therefore try to maintain corporate reputation. In addition, their behaviour could also be the result of high uncertainty avoidance culture for maintaining harmony in China, as well as their loyalty towards their company.

Other Chinese managers gave priority to Confucian values in maintaining human relationships and loyalty, and avoiding extremes when they were making their final decisions regarding whistle blowing and reporting the dishonest employee in scenarios five and nine respectively. Such findings are supported by researchers, such as, Ying (2002) where the author emphasised that Confucianism consists of values for correct behaviour to keep harmonious interactions amongst people. Research findings as such can also be found in empirical studies, such as, Dolecheck and Dolecheck

(1987), MacDonald and Pak (1997), where the authors suggest that managers from Confucian cultures are less likely to ‘whistle blow’ than Western managers. Confucian ethics of valuing human relationships also had a significant influence on some Chinese managers’ motivation behind their decisions. The commonly used *guanxi* system in China influenced Chinese managers’ reasoning in scenario four (Nepotism), where nearly half of the Chinese agreed to offer a job to a relative of a close colleague. Such research findings are supported by studies by Seligman (1999), Vanhonacker (2004) and Bjorkman et al. (2008), where these authors witnessed the use of *guanxi* in Chinese business and society.

The majority of British managers who disagreed with the actions in scenarios one, four, five, nine and ten were motivated by a profit-related rationale, law and company standards, and moral values. Interestingly, market ethics and profit-related rationale are reflected in significant numbers of British managers’ deliberations even when they disagreed with the ethical problems outlined in these five scenarios. Considerable evidence can be found, especially in scenarios one (International bribery) and four (Nepotism) which is supported by research from Arnett and Hunt (2002) who illustrate that individuals who are influenced by a corporation’s ethical norms may make decisions that are favourable to their company’s profitability. Confirming evidence from several researchers (Zetlin, 1991; Stoffman, 1991; Rao and Hamilton, 1996), British companies have paid considerable attention to their ethical standards and CSR. Consequently, are British managers aware of the benefits of being ethical and the importance of following their company’s ethical norms and standards? The findings from current research indicate that a significant number of British respondents try not to get involved in actions which could cause damage to their company’s reputation. They believe that their company could gain long-term profitability for being ethical or because they are concerned about possible negative consequences of being involved in unethical actions. This finding is supported by Kaler’s (2000) research, which also found that one of the key reasons for British managers to behave ethically is to avoid punishment by society for wrongdoing.

Chinese and British managers’ decisions were found to be similar in five scenarios (scenarios two - Deceptive gaining of competitor information, three - Not exposing personal error, six - Deceptive labelling/advertising, seven - Environmental issue,

eight - Copyright). In two scenarios (scenarios two and six), where a majority of Chinese and British managers agreed to become involved in the actions, - this suggests that profit and market-related rationale were strongly considered to be the most important considerations when these managers were making their final decisions. The majority of Chinese and British managers who agreed with the decision were motivated by business and self-survival. Their perception of what they were dealing with was that they were part of some kind of game, and therefore, they believed that whatever strategy they use is for winning the game and for business survival.

The commercial values of the actions suggested in these two scenarios, as well as the company's benefits in terms of its long-term development and reputation, are other reasons that motivated these Chinese and British managers. Such evidence can also be found in scenarios three (Not to expose personal error) and seven (Environmental issue), where some of the Chinese and British managers disagreed to become involved in ethical problematic actions because they wanted to avoid negative consequences if they were discovered, such as, legal punishment. These findings reflect the significant influence of profit-seeking on both Chinese and British managers' behaviour underlining their decisions.

In scenarios two (Deceptive gaining of competitor information) and six (Deceptive labelling/advertising), 'common practice' in the industry was found to be considered as the most important issue by some Chinese and British managers, where both agreed to use deceptive ways to gain profits. This is because of their perception of marketing practice. They accept that marketing allows for a bit of 'bluffing'. Some of the Chinese and British managers do not think such behaviour is fraudulent and dishonest. The same evidence could be found in scenario eight (Copyright).

More British managers were found to use the law to reason their disagreement with the actions than their Chinese counterparts. It is thought that Western ethical and cultural traditions have significant influence on such behavioural differences. In scenarios seven (Environmental issue), nine (Protecting a dishonest employee) and ten (Bribery involving a third party), evidence shows that significant numbers of British managers who disagreed with the ethical problems in these scenarios were

motivated by the impact of law or company rules and policies. Interestingly, a large number of British managers who agreed with the action in scenario two (Deception gaining of competitor information) did so because they thought it did not break the law. The studies from Pye (1992) have already pointed out the differences between Chinese and American individuals' priorities given to the law. They emphasise that the focus of Chinese moral principles does not require Chinese people to consider legal impact, whereas Americans relied on laws to guide their actions. This finding could well support the discoveries found in this study where British managers rely on the law to guide their actions more than Chinese managers.

More British managers considered moral values as the most important issue when disagreeing with the actions compared to their Chinese counterparts. Significant evidence can be found in scenarios one (International bribery), two (Deceptive gaining of competitor information) and ten (Bribery involving third party), where more British managers think bribery is unethical, guiding their use of universal principles. This finding agrees with Fritzsche et al.'s (1995) study, where US managers disagreed with bribery because it is illegal or unethical. Alternatively, a small number of Asian managers considered bribery to be unethical. In scenario four (Nepotism), equal opportunities, fairness and justice were the reasons for disagreement given by more British than Chinese managers. More British managers were concerned about different parties involved in the situation than their Chinese counterparts. Western ethics value individual rights, fairness and justice, equal opportunities, as well as 'universal' right or wrong and this could be a significant influence on British managers' ethical beliefs.

Chapter Conclusions

Overall, the findings in this chapter have shown a clear picture in terms of the differences and similarities between the Chinese and British respondents' moral behaviour in business settings. Both countries' ethical and cultural traditions played a role in respondents' moral behaviour when making business decisions. Other influences were also found. Respondents from both China and Britain were affected by their roles as managers and their managerial responsibility to maximise their companies' economic interests. The interesting finding is that the Chinese and British

managers' moral behaviours are similar to each other in terms of market ethics when used in judging what is the right thing to do in business situations. This is what finally motivated them to make decisions. Evidence from managers' answers to open-ended questions in the ten business scenarios indicates that business competition and pressure for profits or results could have an influence on increasing unethical behaviour. 'Common practice' appears to be another factor that influences managers' moral judgement and motivation when making decisions in business situations.

Although differences and similarities between the Chinese and British respondents are found in this chapter, further research into what is happening in real business situations proved impossible to be carried out by only using a quantitative research method. Without conducting qualitative research with interview method, the researcher cannot find out how the managers in China and the UK make their decisions when confronting moral dilemmas in real business situations. Therefore, interviews with both Chinese and British respondents were conducted to fill this gap.

The increasing trade between China and Britain indicates that both Chinese and British managers could confront various ethical challenges as a consequence of global business competition. The respondents might face various issues which cause ethical concerns in Chinese and British workplaces. Such moral issues could occur in different business practices, cultures and standards in the host country, especially for British expatriates. Therefore, ethical dilemmas might be confronted by these managers in finding the right balance when deciding what to do in such an environment. Moral issues might occur as the consequence of maximising companies' business interests in the workplace in China and the UK; the respondents from both countries have to deal with ethical dilemmas emerging from such ethical issues. These possible ethical challenges give us a significant research area which needs further investigation, especially as to what happens in real business situations within British MNCs' operations in China and the UK.

Could the research findings found in this chapter and the previous chapter indicate that Chinese managers behave differently from their British counterparts when making decisions involving ethical issues in real business situations? What types of issues cause moral concerns for managers in China and the UK? What kind of ethical

dilemmas are confronted by these managers in real business situations? How do these managers make their decisions when facing ethical dilemmas? The next two chapters present the interview findings from the managers based in China and the UK, which might help answer these questions.

Chapter Eight

Results of Semi-Structured Interviews with China-Based Managers

Introduction and Chapter Overview

This chapter introduces the first of the fieldwork chapters by presenting the findings from the qualitative data gathered in China. Chapter nine provides equivalent data gathered in the UK. We know from the last two chapters that differences and similarities exist between Chinese and British managers' moral behaviour in social and business contexts. The differences between the ethical and cultural backgrounds of China and Britain were found to influence managers' moral behaviour. Yet, whilst the previous chapter relied upon hypothetical scenarios to test and measure responses, these next chapters are based on qualitative data which aim to demonstrate a sense of the real moral issues and moral dilemmas which British and Chinese managers face today and the reality of managerial ethical decision-making interpreted by them.

This chapter presents some of the moral issues faced by these managers and explores how these issues present themselves as dilemmas. The chapter explores how managers make decisions in the face of these dilemmas and aims to illustrate how a manager's moral behaviour is reflected in the decision-making processes in terms of their moral awareness, moral judgement and motivation. Do these managers seek moral support and if they do, in what way? Does their ethical and cultural background as well as their roles as managers influence this process? This chapter will seek answers to these questions by shedding light on the actual practice of business in the face of moral dilemmas. The chapter commences with an introduction and overview of the participants involved followed by a presentation and discussion of the emerging themes.

Background to the Interviews

Although the methodology chapter explained the process involved, it is worth reiterating here that interviews were conducted with a sample of Chinese and British local and expatriate managers. These managers are from companies in the following industries:

- Manufacturing
- Mining / Extraction
- Retail / Wholesale
- Advertising / PR / Media
- Banking / Investment / Insurance
- Export / Import.

The names of the interviewees and the organisations they work for are not disclosed in this study for reasons of confidentiality. The interviews took place in the following cities and towns:

- Beijing (Northern China)
- Shanghai (Eastern China)
- Guangzhou (Southern China)
- Nanjing (Eastern China)
- Dongguan (Southern China)
- Huzhou (Eastern China).

The results presented in this chapter are based on fourteen semi-structured interviews with China-based managers; ten were with Chinese managers and four with British expatriate managers. The accounts presented below are organised into themes which were extracted from the interview process.

Two main themes of moral concerns emerged:

1. The implementation of laws, regulations and British corporate standards in China and the adaptation of local unwritten rules and practices;
2. The use of family connections and human relationship building within industry and local officialdom in China.

The configuration of the results presents participants by their pseudonyms to protect their identities. CN and UK is added to indicate where participants come from. To help contextualise these accounts, a brief ‘cameo’ portrait of each participant is presented in table 8.1 below.

Table 8.1 Cameos of the Participants Who Were Based in China

Name	Cameo Portrait
Adam (CN)	CEO. Aged 48. Total twenty-seven years experience in the industry with three years experience in current British MNC. Master’s degree.
Peter (CN)	Senior manager. Aged 41. Total fifteen years work experience in the industry for foreign companies with ten years experience in current British MNC. Master’s degree.
Matt (CN)	Middle manager. Aged 40. Total nine years experience working for foreign companies with two years experience in current British MNC. Master’s degree.
Alex (UK)	CEO. Aged 50. Total twenty-one years experience in the industry with six years’ experience in current British MNC and four years experience in Asia. Master’s degree.
Gordon (CN)	Senior manager. Aged 42. Total fifteen years work experience in the industry for foreign companies with one year’s experience in current British MNC. Doctoral degree.
Frank (UK)	Senior manager. Aged 47. Twenty years experience in current British MNC with five years experience in China. University graduate.
Doreen (CN)	CEO. Aged 36. Total eight years experience working for foreign companies with two years experience with current British MNC. University graduate.
Simon (CN)	Senior manager. Aged 37. Total nineteen years experience in the industry with one year’s experience in current British MNC. College graduate.
Sam (CN)	Senior manager. Aged 35. Total ten years experience work for foreign companies in industry with one year’s experience in current British MNC. University graduate.
Ken (UK)	Senior manager. Executive Board. Aged 37. Total twelve years experience in industry with five years experience in current British MNC and three years in Asia. Professional qualification.
Jason (CN)	Senior manager. Aged 51. Total twenty-five years experience working for foreign companies with three years experience in current British MNC. University graduate.
Maria (CN)	Senior manager. Aged 52. Total seventeen years experience working for foreign companies in industry with two years experience in current British MNC.
Jo (CN)	Senior manager. Aged 39. Total twenty years experience working for foreign companies in industry with one year’s experience in current British MNC. Master’s degree.
Paul (UK)	Senior manager. Aged 53. Twenty years experience in current British MNC with ten years experience in China. University graduate.

Implementing Laws, Regulations and British Corporate Standards and the Adaptation of Local ‘Unwritten Rules’ and Practices

The evidence emerging from the interviews suggests that implementing laws and standards in China is one of the main areas of ethical concern. Respondents described that there are many ‘grey areas’ where practices such as the giving of gifts or human relationship building are not judged as right or wrong. Two Chinese interviewees, Adam and Peter, gave particularly interesting examples to illustrate the ‘shades of grey’ in business by saying, “...*the challenge we face everyday in mainland China is that there are grey areas more than anything else...*” and “...*here in China, it is a different ‘game’ all together. You can’t compare [with western countries]. Here nothing is black and white. It is always grey...*”.

Managers have to know how to survive in these situations, as noted by Adam (CN) that “...*you have to know how to survive in the grey area. Sometimes we have to...*”. Within these grey areas, people distinguish their own rules as to how they wish to conduct business. As one of the interviewees expressed, “*It is very difficult to say what is moral or immoral. There is no clear definition...*” (Matt CN). Managers faced with local people appear to be governed by local laws, unwritten rules and practices according to local manager Gordon and expatriate manager Frank. What appears to be the right cause of action, to some of the Chinese managers, is what is accepted as correct and reasonable in the local business context. In this operating environment, some Chinese managers interviewed expressed the view that they alone have to know how to deal with these kinds of situation that might include dealing with government officials and other Chinese intermediaries.

Many managers questioned as to the extent that laws and regulations are applied in China. Chinese managers, such as, Peter and Gordon, understand why people try to avoid following rules and regulations in China, but how do British expatriate managers view this issue? Interviewee Alex (UK) states:

“It is perfectly acceptable if you can find ways around rules and laws in China. In Britain, as a consequence of my upbringing, I tend to regard law as something I should have to follow. Whereas in China, most people I have come across, interpret the laws and rules so as to try to find ways not to break them but to avoid them, which is challenging [to me].”

Influenced by Confucian ethical teaching, Chinese give priority to human relationships above laws. In comparison, Western ethics teach British individuals to consider laws in their moral judgement. For Alex, he could not fully understand why the Chinese would behave differently; which could indicate potential moral dilemmas.

Two Chinese managers, Matt and Jason faced moral dilemmas trying to fully implement their company's corporate standards. Their dilemmas concerned the issue of reporting business costs. It is known from existing literature that business culture in China needs companies to build good relationships with key government officials to assist in their business operations; this includes regularly entertaining officials (see, for example, Seligman, 1999; Koehn, 2001; Fan, 2001; Vanhonacker, 2004; Tian, 2008). Matt and Jason reported that the government officials demanded more than just a bottle of wine or a £40 dinner. How do Matt and Jason compromise the situation? How do they balance company and local standards?

“In inviting people to dinner, how much (£) is acceptable and how much is unacceptable? Different companies, countries, and cultures all have different explanations. How much can I spend on a dinner? Nobody has given me a clear definition; therefore, I have a dilemma.” (Matt CN).

“According to my company's standards, I can't order a decent meal in China. Some of the government officials order very expensive dishes.” (Jason CN).

The dilemma they face is how to make sure that they can maintain good business relations with government officials by following local practices, at the same time, not breaking their company's rules. Here Matt and Jason give examples of their reasoning:

“In China, it is difficult to judge whether it is right or wrong. You just have to be reasonable. For example, two of you have dinner. If you spend 4000 Yuan [£310], it is not reasonable. We have to operate according to local standards and head-office's standards, and choose somewhere in the middle.” (Matt CN).

“My Company is not so strict in China. Some government officials' children were sent abroad to study in the UK or Switzerland. The company paid their tuition fees. Even if there is a rule saying you can't do it, we always can think of something to do in a careful and flexible way. We are all human. This company is the same.” (Jason CN).

One interpretation of the above is that the solution to the dilemma has to be right and reasonable in the local environment. Evidence indicates that both Matt and Jason have seen their companies support activities which have potentially broken company policies. This has given them guidelines on what they can do within unwritten rules. Interviewee Jason explains how he resolved his dilemma over his company's regulation on spending for business meals:

“You have to be flexible. The way to do things in China is to balance both sides. According to company standards, we only can spend 400 Yuan [£31] per person. I report 13 people had dinner even though it was only two people. So it would exceed 5000 Yuan [£385].”

The evidence here shows that the interviewees had clear judgements on what is actually right or wrong. However, when the interviewees reported the business costs for entertaining government officials, they chose not to follow their company's standards because these were deemed as unusable and impractical.

Two interviewees reported moral dilemmas around the issue of implementing British corporate standards. Ken is a British expatriate manager, Sam is a local Chinese manager and both had faced similar moral dilemmas of reporting financial and business performances to their company's headquarters in Britain. On one hand, they have the company's rules and standards on reporting, and on the other, they were concerned about the consequences of reporting true and accurate information. Interestingly, these two interviewees are from the same British MNC. Firstly, Ken summed up his thoughts in describing the nature of his dilemma:

“When preparing financial reports for our shareholders in London, I face two separate things. One is that the rules say we must report particular incidents. If we are going to report, we will get many questions from London. If we keep quiet, we probably can deal with the issue and make it go away, resolve it, and the outcome will be positive. Do you volunteer all the truth? Not telling lies, but just deliberately omitting to report something. If we meet our targets, we will get bonuses. If we report all incidents then we will get delayed by ‘red tape’ – it's best that the hierarchy don't know everything, we can ‘get away with it’ and it all turns out all right in the end.”

Chinese interviewee, Sam also gave a particularly interesting example to illustrate the moral dilemma he faced. As he describes:

“Reporting is very innovative. They often do a report that can please head office. They would try to do this kind of report and use some packaging. When they make decisions, every product has a short-term strategy. If I can’t achieve the short-term strategy, I wouldn’t be able to achieve the long-term one. So if the product is not profitable, if I make it look profitable, I would be able to move on.”

Sam refers to ‘packaging’ as a form of lustre in order to make things look good. He can always go back to adjust things after the initial gloss has been put on his report.

These two respondents are aware of rules and procedures for reporting but demonstrate some anxieties if they follow corporate standards fully. Financial returns and personal strategies are brought to bear in the decision-making process. In thinking about what to do, the interviewees appear to apply certain moral standards for reasoning what is right or wrong. In explaining why he thinks his decision is right, British expatriate, Ken said:

“I am not talking the big thing here, just the marginal small things in the market. We are not talking about the Enron style. It is just a little thing if you like. Therefore, we do have that kind of issue. I think we don’t have issues darker than that.”

Ken judged whether covering true financial and business performance is acceptable or unacceptable by comparing with what people did in the famous Enron case. In Ken’s view, minor indiscretions are acceptable relative to major scandals. Therefore, Ken feels quite comfortable in following unwritten rules rather than formal rules. Additionally, local Chinese manager, Sam said that because there is room to hide the truth, he could choose to follow his own rules to deal with the issue.

“My company doesn’t have a very strict control system, and the head office very rarely comes to check what happens in reality. Therefore, there is room for them to do packaging.”

Ken compares his situation to major international scandal in order to justify his decision, while Sam bases his decision on an absence of corporate control. This might be summed up as Ken using external benchmarks and Sam using internal benchmarks. Why would they try to avoid rules and regulations? Ken says:

“Sometimes there are some discussions that can be applied by us to these financial indicators and how we report them, which would have positive influences on bonuses. This is good for the company reporting and good for the share price.”

Whilst Sam reports:

“I can’t really judge who is right or wrong, because the purpose of packaging is that you can write the report and then you can adjust it later to fit the real results. I can satisfy some management goals if the final result is good for the company.”

Both Sam and Ken gain personal benefits in terms of bonuses and the company benefits in terms of share price. These appear to be the real motivators behind their decisions to avoid their company’s rules. Both of them behaved in the same way regardless of culture.

The business reality of maximising shareholders’ needs in terms of profit and market is also the reason which causes managers most problems when confronting moral dilemmas in implementing ethical standards. Chinese interviewee, Gordon, began by explaining business practice and competition in his local environment.

“We want to be strict, to have corporate governance and codes of conduct. However, we face 20 or 30 competitors. Our customers need good quality products and good service. They also want to have some personal benefits. Our competitors give commissions. If we don’t do that, they would beat us. We would lose business. At the end of the year, the shareholders check the sales figures, they are interested in our profit and loss. As long as it doesn’t reflect on the accounting book, they don’t want to know how much the customers have taken for commission. They do not want to see. They do not want to know. They want to see good sales figures. On the other hand, we are here to talk about corporate business principles and codes of conduct - in this case, the moral issue is going to be whether the moral standards in the western world can be applied in this place.”

From Gordon’s evidence, what seems cynical is the disengagement between his company’s ethical appearance and the reality of business operation for economic interests. Such reality however has put managers like Gordon in a difficult position. It emphasises the question of, *“would ethics be concerned before business profit in business decisions?”* asked by De George (1999, p.5). Here, Gordon gives us a possible answer to such a question.

“When MNCs first face this kind of case, they wouldn’t do it, but they soon realise they would lose business. They therefore decide to do it, but not with their own hands. They do it through an agent or through suppliers in order to keep their own book clean. Shareholders don’t care. They want to see profit. As long as employees are not getting their hands dirty, and the bottom line is good, just do it. Everybody does it today. Therefore, I think we have to face the reality of the business world and be realistic about it.”

Gordon’s verdict supports the academic debate in that economic goals and demands can often override moral concerns when companies make business decisions (see, Küng, 1997; Boatright, 2000; and Sorensen, 2002). Gordon told us the business reality that he perceived, observed and understood. His experience informed him that business reality prioritises the ultimate goal of success and survival over the cost of compromising and jeopardising corporate standards. He indicated his realisation of ‘that’s business’ and ‘common practice’ operating in his business environment, and a sense of detachment between ethical standards and business reality which a manager in his position has to accept. ‘Emotional detachment’ was also expressed by British expatriate manager, Paul, when dealing with a redundancy. As he said, *“...to make an employee redundant is sort of against my beliefs and I have to have the courage to do this. However, the responsibility in my job - my company should come first. It is not fair to act against my company’s needs because of my feelings at personal level.”*

Maximising corporate economic interests as well as local ‘unwritten rules’ and business practices in China appear to be the main reasons which cause managers ethical dilemmas as the evidence demonstrated. For some managers, the story can be a little different - Doreen, a Chinese manager, employed by a British company - is willing to implement high standards and consider employees’ welfare. However, it is not as easy as she thought. Here is her story:

The British company wants to limit working hours to no more than 60 per week whereas the local workforce are motivated by money and would willingly work for more than the company’s own limits. When applied to the local situation these standards would disadvantage local employees. Doreen faces a dilemma in dealing with her company’s standards. Doreen explains her difficulties:

“If we limit working hours to no more than 60 hours with overtime, then the workers would not be able to earn enough money. They would say ‘I come here to earn money. I don’t want to watch TV in the evening.’ I would tell them that I can’t afford to pay the overtime and they probably physically can’t do it. As a result, they just don’t want to work here. They want to find somewhere they can work long hours. This ‘limited hours’ (policy) is unrealistic for the Chinese peasants. They need to feed themselves first.”

Doreen’s ethical dilemma emerged from her judgement of the ‘rights and wrongs’ between the economic need of the poor Chinese workers of developing China and the ethical need of the rich British MNC. Her ethical dilemma appears to be a ‘classic example’ which is often faced by expatriate and international managers operating in LDCs. Scholars such as Bowie (1993) pointed out that it is difficult to implement the ethical standards of Western developed countries in countries which are at a different level of economic development. The reasons are reflected clearly in Doreen’s case. Although China’s economy has grown quickly since economic reform in the early 1980’s, the living standards in rural areas are still shockingly low. Although MNCs have formal ethical standards, local managers like Doreen find it difficult to implement their standards to her peasant employees. Can Doreen follow British corporate standards?

“Someone said to me that I could increase the pay to the workers but we are in a very competitive market. We are not on the same wavelength as the other companies. Because we joined the fair trade scheme, we pay more for overtime and other things. Our costs are much higher than other companies.”

Doreen finally decided to follow her British company’s standards as much as she could. However, this kind of issue is a real dilemma for managers in China who would like to support high business standards. Chinese manager Adam was frustrated about the issue of applying British standards in China. He argues:

“You can use 100% of the standards in the UK, but in China, you only can use 10-20%. If you still want to use 100%, then you would find you are in pain because we [Chinese] only have 10-20% of room to take the standards in. You can’t just do it because you want to do it in your way. You need to see the development stage of the [Chinese] society.”

The reality for Adam is that local standards and practices have to be adopted for business survival and changing attitudes can only happen over time. He is also frustrated because the expatriate managers do not understand this.

The academic literature on international business ethics has debated the issue of the application of MNCs' domestic corporate standards and adaptation of local standards in host countries. The evidence presented so far appears to suggest that the implementation of British corporate standards in China is not easily achieved. It does not mean that the Chinese managers are immoral, but until the business environment changes, they have no choice other than to follow local practice.

On the other hand, British expatriate managers like Frank feel frustrated because of the way he was expected to act in the locality. In his words:

“I just felt I didn't want to get into the brain drain, mind drain, and Chinese water torture. This scenario of ‘that's the way you have to do it’, because that's the way they [Chinese] are doing it. I just decided I was going to come here and take a very clear line. People [British expatriates] who have left Asia have told me that they made mistakes by being far too flexible left or right.”

Both Frank and Adam expressed clear views for maintaining what they believe is morally right. Their views are polar opposites but both see their own position as being correct, which indicates a problematic area where there is imbalanced agreement between local Chinese and expatriate managers in the application of either their British companies' home standards or those of the local environment.

Summary of Moral Dilemmas in Relation to Implementation of Laws, Regulations and British Corporate Standards

Overall, for Chinese and British managers working for British MNEs, the challenges are numerous. Local culture, operating environments and practices appear to influence personal morality as well as corporate morality. The moral dilemmas presented by the interviewees have shown that they have difficulties in applying company rules and policies due to the differences in standards between China and the UK and business survival under the threat of local competition. These results show that the managers

interviewed implement their own unwritten rules to get the job done. They all made decisions that they regarded as ‘best’ for their company’s survival and business development. Only in the case of Ken (UK), do we see any personal benefit from the decisions taken. These interviewees had clear thoughts on what was morally right or wrong in judging what to do. However, they admitted that what they chose to do is common local practice in the business environment in China. The business reality for implementing corporate ethical standards was reflected in Gordon’s (CN) case. It was evidenced that as long as the shareholders of the company received enhanced profits in Britain, there was little concern for what happens locally. However, these ‘high’ British standards are difficult to apply in China due to the differences in economic and social development between China and the UK. There is also evidence of lack of mutual understanding between local Chinese and British expatriate managers with neither truly understanding why and how each other behaves in the way they do.

The Use of Family Connection and Human Relationship Building within Industry and Local Officialdom in China

This section focuses on the area of relationship building in China. British interviewee Alex observed that Chinese collective society places high value on family and in-groups. The interesting point made by Alex, is that there is need for him to adopt this part of Chinese culture into his own decision-making in China.

Alex, tells us a moral dilemma he confronted personally. The evidence shows that people use their authority and power to ask for favours from others in order to help their family and friends. As Alex said:

“It is very clear to me that they [Chinese] put family interest in the very high position on the list of personal frameworks for making decisions. The company for them is in a much lower order of importance. People make decisions based on this issue and I need to adapt my thinking and mind set for it ... One senior Chinese manager asked me once personally if I could provide a job for his nephew.”

What moral standards can he apply? Here, he summarises:

“People in China are more likely to try to promote the interest of their family in a much more open and direct way than would ever happen in the West. We just wouldn’t do that in the UK, not in a direct way. The problem

comes if you are asked to employ someone who is clearly incompetent. That's going to be obvious to everybody. Consequently, it would cause a lot of problems."

It seems clear to Alex that this Chinese manager's behaviour is not acceptable in a British context. However, people appear to value human relationships and particularly family interests in China. How would Alex make the decision easier for himself? Alex explains:

"I think the other thing which makes it a bit easier is if it wasn't conditional on any particular favour or any particular business outcome. On that particular issue as long as that individual is capable, then that's something you know I would say 'yes, let's do that.' Simply because if the person is good and has got potential and is a reasonable candidate for the job, then it's not difficult to do."

This moral dilemma demonstrates that Alex is aware that this is a form of nepotism. However, in a Chinese cultural context, it appears that local culture and practices have influenced Alex because he has adjusted his own ethical behaviour in decision-making. He did not say 'no', but agreed to accept the decision in order to balance the needs of the business with the need to maintain good relationships. The interview result here appears to indicate a change in moral behaviour of British expatriate managers over certain decision-making which is likely to be the consequence of the influence of local culture, values and practices. Hence, the reality in China, regardless of whether they are Chinese or British managers, is that they ultimately have to provide jobs for those where there is some relationship benefit for the business, particularly government officials. There seemed no sense of direct personal benefit in employing these beneficiaries.

In business, good human relationships either with government officials or clients who are important and powerful can operate from simple friendship to a detailed strategy for people to gain competitive advantage (see, Seligman, 1999; Fan, 2001). Chinese interviewee, Simon, told us, this kind of business practice is known as a '*relationship sale*'. The use of the word *sale* seems to indicate a purchase-supply relationship. "*If you don't have a relationship, you wouldn't have business - it is very simple*", said Simon. In this situation, the law seems unimportant compared to personal relationships, as Adam (CN) claimed, "*Chinese talk about relationship first, then reason, finally the law.*"

One interviewee gave a particularly interesting example to illustrate this practice. Matt, a local Chinese manager was asked to provide a job to a government official's child as an exchange for business advantage! Matt said:

“If someone, who is in a very important position in the government and can help us with our business, asks us to find a job for his child in our company, how can I deal with this situation?”

Matt is confronted with a moral dilemma of deciding how to balance British company standards and local practice. Here, Matt explains:

“I really shouldn't give a job to his child. However, if the child is qualified, at least I can convince myself and explain this. But in some respect, it breaks company's policy.”

It seems Matt is aware it is wrong. The question is how can he give the favour in a reasonable way, so that, it will not look like breaking company policy? Matt questions himself and explains:

“What kind of approach can I use to give the benefit? How can I do it in a reasonable way and make it look better? Nowadays, the most controversial thing for doing business in China is to deal with moral dilemmas. Moral dilemmas have no single answer. It is always very difficult to decide. In reality, it is impossible for this person not to get any benefit.”

Although Matt did not directly say how he agreed to give the job to the government official's child by using a ‘reasonable approach’, he expressed the difficulties of figuring out the best solution for such a moral dilemma, as he said that there is no single answer. However, one thing is clear, in his mind the final winners are always the people who have power and authority and more importantly, those who can help business corporations to gain business advantages in the ‘no relationship - no business’ environment of China.

As ‘no relationships – no business’ was evidenced widely, if relationships are so vital for business in China, how are relationships built? The giving of gifts and other commissions appear to be the way to build relationships. Chinese interviewee Adam explained the reasons which underpin his gift giving activities:

“If you want someone to sit down and listen to you talk about your business, you have to invest something on building the relationship before you can do it. I don’t think there is anything involved with ethical or unethical practices in this process of investment.”

Adam further explains the moral dilemma he confronted as to whether he should or should not follow common industry practice in giving commissions:

“We sell insurance. There are many competitors in this industry. If you want the bank staff to help you and sell your product, what can you do? You have to give them some commission individually under the table. This kind of action is illegal according to the law. But, if you don’t do it, you wouldn’t be able to get business, because everybody is doing the same thing in China. Every bank also accepts commission as normal practice. Every insurance company does the same. Can you afford not to do the same?”

In thinking about what to do, the interviewee has to work out what is right or wrong from his point of view. As Adam said:

“Can you say it is against the rules? Yes, it is. But I think this issue has not touched the moral bottom line. The bank staff spend their effort to help us to achieve things, so we should pay some compensation to them. I don’t think there is anything unreasonable. I think the rule itself is not reasonable.”

Although Adam knows what he did is illegal and breaks the rules, he does not think it is morally wrong because this practice is common in the industry; furthermore, he rationalises that the bank employees deserve to have the commission for their hard work. Adam further explains:

“Everyone thinks these things have to be done in this way, I wouldn’t think it offends anything or that it is really immoral. Of course, it is still a grey area. I think it is unfair for the company, because you slow down the company’s development here. I wouldn’t say ‘I am not going to do it’ because of questionable rules.”

Adam has to make a decision that he thinks is best for the business, even if he has to give a commission. Here, he gives a particularly interesting example to illustrate the benefits behind the cost of giving of gifts and commission:

“The most important issue is whether it is good for the business. It is a matter of cost-benefit. I often tell my boss if I spend 1000 RMB [£77] to buy a gift and give it to one government official, it is for relationship building. Because he can approve me or our company’s operation, we can get things

done 3 months earlier. Of course, I don't have to do that. You can just wait for 3 months, then you lose 3 months business opportunities."

Adam's verdict presents evidence on the purpose of giving of gifts and commissions in business in China; it is for building business relationships with anyone who has potential influence on the speed of business development.

Chinese managers expressed the ethical challenges and difficulties which they have confronted when solving moral dilemmas in this area. The British managers do not always understand all Chinese connections and why business has to operate in such a way that expensive gifts are essential to business operations. As British expatriate manager Alex stresses:

"In China, people work within particular influence groups, peer groups and different classes of people work together, and they are all connected in some way. We [Westerners] don't really often understand all the connections. That's something that is a lot more difficult to comprehend in this role."

The following interview provides some enlightening examples of this moral dilemma.

Alex (UK) faced various dilemmas regarding gift giving. This particular dilemma occurred when his Chinese manager colleague told him on many occasions that he should send gifts to whoever is important to their business in China. In the words of Alex:

"I think one of the dilemmas I face is that part of Chinese culture for individuals working in this bureaucracy is to receive gifts. I think it is unacceptable... We have quite strict rules and regulations about what we can and can't accept in terms of gifts from the stakeholders in our business in the UK. We have to declare them personally, or refuse to accept them - all of which I am entirely comfortable with. Whilst in China, I think it has been said to me on many occasions that it would be completely thoughtless of me not to send gifts to the key stakeholders as part of a way of recognising them and their importance."

A further moral dilemma occurred when Alex was asked to turn a blind eye to an event concerning the 'handing over of money'. The real dilemma for Alex is that he knows that it is wrong but he also knows that it would benefit the business. Here, Alex explains:

“I was asked to give money to somebody to smooth the progress of something. If you were asked to turn a blind eye to get things done, even if you knew it was wrong, would you do it? If you know your business will benefit by it, what would you do? These are real dilemmas.”

As Alex said, if he had kept to his beliefs, he would have refused to give the bribe. In agreeing to give bribes for the benefit of his company, he had to bend his own morality as well as the company's standards. What else concerns Alex?

“This is a balance. There are lots of things I would not like to see in the press. It would cause me personal problems and my company name quite some damage. If I became aware of anything that was likely to cause this type of headline in the UK, which is common practice in China, I would be saying to our people that we don't do that.”

In deciding what to do in this kind of dilemma, Alex was concerned about his own reputation and that of his company. He further explains his company's moral stance on the issue of giving of gifts and bribery:

“We [The company] decided that we don't pay bribes. We will follow local customs like gifts of modest value that are all declared openly and internally within the company. We do not, and will not, make any under-hand payments and under-table arrangements to facilitate the development of our business. Of course, our local Chinese partners are used to working in a different cultural paradigm. I don't know if our Chinese partners are engaged in any type of this activity on behalf of the joint venture. If I knew about it, I would declare it as unacceptable.”

Alex's decision is clear. The British part of the joint venture will not pay bribes. However, Alex expressed uncertainty about the Chinese partner of the joint venture. Alex gives the impression that he is trying to block his ears whilst also avoiding getting too deeply involved in this issue. This leads him to confront a further moral dilemma:

“I suppose my moral dilemma is that I would expect a large Chinese state-owned enterprise [Chinese partner of the joint venture] to try to develop one of its important subsidiaries. It probably will engage in activities which will not meet the requirements of our company. I have absolutely no evidence of what they are, so I am generally not aware of any thing. That's my sort of moral position that I take, which is if we can't prove it, we don't do it. Although I may suspect my partners are doing the 'normal activities' in China, I haven't yet asked them to sign the bloody statement to say that they are not doing it.”

The interesting finding is that although Alex would not commit himself to give bribes, he did not try to find out whether the Chinese partner is engaged in such activities. It appears that he would rather not know or, that he is scared to know what happens in reality. Managers turning a blind eye have already been noted by researchers such as Cavanagh (1984) and Goodpaster (2007) as one way of detaching themselves emotionally and ethically from the issue they are involved with.

British expatriate managers like Alex could confront these challenges of trying to implement corporate standards in China. However, it appears that this requires them to compromise their moral position when resolving such moral dilemmas. It is clearly indicated in Alex's interview that he admitted the possibility of the existence of bribe giving in the company, especially in business activities operated by his Chinese counterparts. In addition, he is very clear on whether he thinks such activities are right or wrong according to British corporate standards. Nevertheless, he chose not to take further action. After all, British companies have to survive in China under the threat of aggressive competition; and yet, there seems no other effective way to speed up business, other than giving gifts, commission or bribery to the people who hold power and authority. Consequentially, moral adjustment is made by British expatriate managers like Alex, for satisfying corporate goals in China.

The evidence given by the interviewees illustrates senior levels of bribery in China. This shows that 'giving of gifts' can take a much more structured form. The degree of such activities could be divided into two types: one is the simple form of giving favours that is just a part of Chinese social custom and the other is a way of doing business. The later type could be classified as bribery and corruption. Here, Maria (CN) gives an example of how a potential Chinese business partner asked her for commission as a condition of offering a business project to her company:

“Once I was preparing for tendering for a project. There were three companies competing with each other including our company. One company had good relationships with the government. The other company used some unknown methods to get through. We had the best technology. However, they decided to give the project to the other company because that company gave them loads of cash under the table. We didn't really want to lose the project, therefore, we asked an agent to ask the Chinese company what they really wanted. The agent came back to us and said that the Chinese company wanted cars, etc. However, our company can't do this sort of thing

directly, so we asked the agent to build the relationship for us. Finally, they gave us the project. Apart from two cars, they also asked us to pay for their business trips to the USA and Australia, etc. I didn't feel comfortable with it myself."

From what Maria said, it seems that giving of gifts and commission in the Chinese business environment has led to serious bribery and corruption. This information could be supported by what was described by Tian (2008) that bribes in China now not only include expensive cars and luxury overseas travels, but also include offering officials stock market shares, big houses and even sexual services. It also exposes the reality of British MNCs' business operations in China which shows us again the failure in practicing British corporate standards internationally. It is clear that the event transgressed the interviewee's personal morality. However, what would Maria regard as acceptable in order to get business? How could she adjust her own moral position in the face of this dilemma? Maria continued:

"I can't accept these people's [from the Chinese company] behaviour. I think they shouldn't use the opportunity for self-gain. But I am a member of the company, so I have to listen to what my company desires and I agreed with the company's decision."

The interviewee had to compromise her personal morality in the workplace. The interest of the business appears to be the priority. Finally, the interviewee unveiled how the commission was given to the people.

"It wouldn't be good if this kind of behaviour was exposed in public. Therefore, we used an agent. If something had happened, it's their problem, not ours. Many companies choose to do business in this way. We had no choice."

These practices are clearly illegal. Researchers such as Wang (2003) have suggested that widespread corruption started after the Chinese economic transition, and has become a social 'norm' in Chinese society. It is surprising to hear that giving commissions by the use of an agent is commonly practiced by Western MNCs in China, as revealed by Maria, because there is no other way of competing.

The culture of the giving of gifts and commission in the Chinese business environment has possibly led to the consequence of serious bribery and corruption occurring within the Chinese government.

Maria also expressed concern upon trying to satisfy a powerful government official's demand in a different incident – a cash bribe. This time she was aware that the official's demand was problematic although she did not want to make the government official angry. The reason is obvious; the government official could influence any decisions that could affect her company's business. It appears to be acceptable for her to give cash to the official because she said that *“it is not too serious strictly speaking. A few thousand Yuan [few hundred Pounds]. If the amount is big then it can be seen as illegal.”* However, it turns the company's own standards to murky shades of grey. She finally states,

“I spoke to other Chinese managers about this issue. They went to talk to my British boss and present all the facts. Eventually, my British boss said ‘OK’. We just have to do it.”

Maria's case again proves that under the pressure of business survival, both local Chinese and British expatriate managers have had to agree to compromise British corporate standards in order to satisfy the needs of powerful and influential government officials in China. Is this the first time hearing *‘we have no choice’* or *‘we just have to do it’* from managers when they reconcile themselves morally? A similar scenario happened to Chinese manager, Jo, who was asked to give some commission by her business client in exchange for doing business. She reveals: *“I mentioned this to my boss. He said he didn't want to know, and I could make the decision. But strictly speaking, it is wrong. According to western standards, it is wrong.”* In both cases, the expatriate bosses turned *‘a blind eye’* and closed their ears.

The collection of moral concerns presented above shows the complexity of dealing with human relationships in the workplace in China. Chinese managers such as Keith and Sam also expressed moral dilemmas in weighing and balancing human connections in organisational political battles. It shows that dealing with human relationships requires close observation as to who they deal with and how powerful the person is. Clear evidence shows that Chinese and British ethical and cultural traditions influence people's value priorities and how they behave in China and the UK. However, such value and behavioural differences between the Chinese and British appears to create moral problems for both. The Chinese interviewees

expressed anxiety at not being understood by their British counterparts while British expatriate managers do not easily understand the different levels of Chinese human relationships. The respondents also explained how the traditional culture of valuing family importance and human relationships have been corrupted, jeopardised and used by people as a way of gaining both business benefit and personal benefit in China. ‘*Relationship sale*’ and ‘*no relationship – no business*’ appear to be the credo which is accepted in China. However, the moral problem behind relationship building is the unavoidable act of bribery, which can make Chinese and British managers feel that they are torn between inescapable local practices and British corporate standards. Consequently, moral dilemmas occur to these managers as an inevitable result.

Summary of the Moral Dilemmas Related to Relationship Building

The managers faced different moral dilemmas relating to relationship building. Expatriate managers are aware of the moral issues presented in their dilemmas, and have clear judgements as to whether these issues are morally right or wrong. The British interviewees also appear clear in their understanding of what procedure to follow according to corporate standards. They indicate that Chinese practices are morally unacceptable to them. However, they admit that they need to adapt their thinking to the Chinese culture mindset that feeds their decision-making in the local environment.

There is some evidence that British expatriate managers are involved in nepotism, agreeing to pay commissions to government officials in exchange for building good business relationships. Some of the British expatriate managers would rather turn a blind eye and let local Chinese managers make decisions with local business clients and government officials. The evidence indicates that large MNEs have used agents to pay commissions to local authorities in order to secure business deals. Overall, British expatriate managers have shown difficulties in making decisions with the moral dilemmas they encounter and have mitigated their moral responsibilities by deferring decisions to locals on the ground in China.

In the face of similar moral dilemmas, Chinese managers often feel ‘*stuck in the middle*’ between local and corporate standards. They are aware of local practice that

breaks company standards. However, business interests were often considered as the most important issues in decision-making. They admit it is very difficult not to give bribes and commissions if they are to develop company business. Chinese managers consider human relationships more important than company interests when making decisions. Maintaining good relationships with others in the company could mean that they can secure their own positions. When Chinese managers deal with human relationships, they are careful with those that they deal with and how powerful they are. Overall, the Chinese business environment appears to have a significant influence on both British expatriate and Chinese managers' moral behaviour in decision-making.

Have British Expatriate Managers Changed Their Ethical Behaviour in China?

The research findings give evidence that British expatriate managers have mitigated their moral responsibility, adjusted their own moral position and compromised their company's standards when making business decisions in China. Comments given by local Chinese managers, Peter, Adam, Matt and Maria, point out that the moral behaviour of British expatriate managers changed after years of working in China. These claims could suggest that British expatriate managers adopt a relativists' perspective of 'when in Rome, do as the Romans do'. However, the reality could be more complicated than just simply adopting the local practices; the process of adapting into the local business culture and way of operating business could be moral and psychological torture to some British expatriate managers who hold high personal moral standards.

Two British interviewees expressed difficulties in adjusting their moral positions in order to behave in a Chinese way.

Firstly, Alex:

"People are less likely to give you the true facts if there is a negative implication associated them. They might even tell you the complete opposite because they think you want to hear the answer they are giving you. One of the very simple dilemmas is how we deal with that in the organisation when we say to people 'we'd like you to be honest, open, trusted and helpful' and you know they are not. Now, in the Western context, we probably sack people for doing that repeatedly. However, we can't do the same in China,

otherwise we will sack lots of people. It wouldn't be good. Knowing this is how culturally these (Chinese) people work, it's very difficult to challenge it and to punish this type of behaviour. This is because it would damage their [Chinese] culture."

Secondly, Frank, who expresses:

"Everything here [China] is done verbally. This business culture has been as clear as mud. The moral dilemma is whether I am prepared to push the boundary to say to our senior Chinese management team, 'This is our [British] company, we have corporate standards and codes of conduct.' If the mindset from the top of the pyramid is different, where can I hold my own respect as an individual within these mechanisms? Should I just accept all those things [local standards] and just follow? You as an individual have to have standards. But your own standards are one thing, but it really comes down to what the business wants to compromise on. It's not to say you shouldn't follow local standards - it depends on whatever the business is in terms of short-term or long-term gains. You have to observe the country, you have to observe some of those practices. You can follow but you don't have to follow them all."

On the other hand, Chinese manager, Adam, outlined his difficulties in choosing the right expatriate managers to work for him in the local Chinese business environment. It depends on how much the company wants to achieve in China and how much the company is willing to compromise. Adam expressed that if his British boss wanted to uphold British corporate standards then they would lose business in China as a consequence.

Chapter Conclusions

The findings presented in this chapter reveal the reality of the Chinese business environment and enable us to gain a real sense of the moral dilemmas which managers who work for British MNCs are facing today in China. The accounts of the China-based interviewees illustrate managers' experiences of ethical decision-making. The findings demonstrate that in such environments, managers face various challenges. The comments presented by the respondents help us to understand how managers make decisions, and how their moral behaviour underpins their decision-making. The experiences of both local Chinese and British expatriate managers show their feelings of, at best, helplessness, and, at worst, anger and frustration.

The local practices such as bypassing laws and standards, using unwritten rules, human relationship building, giving of gifts or bribery reflect on a small scale how business is operated in China and the symptoms of Chinese business dealings; on a large scale indicating China's increasing social and moral problems in recent years. Both expatriate and local managers demonstrate their sensitivity to such behaviours. In such an environment where both Chinese and British managers have to carry out the difficult tasks of business decision-making, they have to fight against their own conscience about what is right or wrong personally when compared to what is accepted by the environment they belong to. Had they been given a chance to make their decisions without the responsibility as a manager or in a different environment, the outcome might be different.

Would I say that the managers in China had their own choice and a clear conscience over the decisions that they made? The answer is 'no'. The interviewed managers had their job responsibilities as managers which expects them to make decisions for the company's good. They are wrapped in a vacuumed bubble without fresh air to breathe. Would I say the environment in China encourages managers to make ethical decisions? The answer is 'no'. The country is polluted by the culture of 'no relationship, no business' and infected by the illness of greed, all of which encourage and reinforce the widespread practice of giving of gifts and commissions and bribe culture. Can anyone survive this and not get contaminated as well as making good progress in business? It is unlikely – not from the evidence given by the interviewees.

Chinese social morality is declining as increasing materialism has taken over people's minds and the way that they judge what is right or wrong. These features explain the current situation in the Chinese business environment. All the managers interviewed in China, Chinese or British, one way or another, directly or indirectly, large or small, were all involved in local practices such as giving of commissions or gifts, nepotism, creative accounting. For whom? Significant evidence showed that they made decisions for their companies' needs to expand business in China. Of course, self-interest could also be included because any bad outcomes from their business may risk their own employment.

The findings suggest that, specifically, the managers of Chinese origin are aware of the ‘grey areas’ within the business environment. Here they have to find ways to strike an effective and positive balance by applying local standards of ‘correctness’ and ‘reasonableness’ as evidenced by Adam’s and Peter’s interviews. Have we seen unwritten rules used by these managers when making the decisions? I state that the answer is ‘yes’. The rule is to be reasonable and taking the ‘middle-way’. Many Chinese managers know that their corporate standards are neither practical nor reasonable for the local operating environment. They have to use unwritten rules to solve these dilemmas when they face business pressure and come under the influence of local practices. The irony here is that although their decisions might be seen as immoral, their decisions are motivated by a need to support and nurture their company’s business development.

Managers find themselves tangled in a web of human connections and networks of human relationships. Chinese managers showed a high degree of awareness for human relationship building and the giving of commissions and gifts. Their comments draw significant attention to the fundamental reasons as to why family interests and human relationships are vital in China. They are apparently critical both in personal and professional life. The business reality of ‘no relationship – no business’ appears to be the credo. This is signified by the culturally acceptable practices of bribery, gifts and commission giving. Chinese managers admitted that it was very difficult to refuse the requests of powerful individuals if their companies wished to develop business in China. It seems obvious to local managers that the sacrifice of following British standards is profit and market growth.

However, are these managers behaving morally wrong or are they just another group of victims under the influence of the cultural and social problems and the business environment which they belong? ‘We have no choice’ appears to be the feeling of the majority of these managers. Chinese managers face the challenges of operating in business locally for their British employers and are often torn between local standards and British corporate standards. These dilemmas appear to occur as they struggle to balance business costs for entertaining government officials, or being asked to provide a job to a relative of a powerful individual. Additionally, the giving of commissions as an exchange for business causes significant dilemmas.

In relation to the theories of absolutism and relativism in practice – it does not matter how much British MNCs wanted to or appeared to be keen on implementing their standards in China, the reality is that this task has failed, not because their managers did not try, but simply because British corporate standards have proved to be too vulnerable and powerless against the strong wind of Chinese unwritten rules. Evidence from Chinese managers appears to pay specific attention to the failure of applying British corporate standards in China, which are seen as impractical and unrealistic for China at this present moment. Their views suggest that this is because of the position China finds itself in, in terms of its current stage of moral, social and economic development. They illustrated various examples of how impractical British corporate ethical standards could be for the Chinese business environment and indicated reluctances by Chinese local managers in following British rules when making business decisions.

Do we see evidence of British companies' lack of control in business dealing in China? The Chinese managers admit that although their company may have formal rules and standards, they were somewhat lax. This allows them to use their own methods on the ground. We find this evidence in both Matt's (CN) and Jason's (CN) interviews on how they used their own ways to solve their moral dilemmas caused by British corporate standards on business spending. Furthermore, some of the local managers evidenced that British companies encourage the support of activities which potentially break company policies. British MNCs have agreed to pay commissions to government officials in exchange for building good business relationships and used agents to pay commissions to local authorities in order to secure business deals.

"That's the way to do business." is what the British expatriate managers are often told by their Chinese counterparts. The British, in their minority, find themselves too weak to influence groups of Chinese. They find themselves singled out. They are expected to adapt their thinking without much understanding as to why their Chinese counterparts behave in the way that they do. The evidence shows that there is a lack of mutual understanding about both countries ethical and cultural differences by both local Chinese and British expatriate managers.

There are clear differences between local Chinese and British expatriate managers. For local Chinese managers, the moral dilemma is likely to be the product of the impracticality of their British companies' ethical standards. British expatriate managers face moral dilemmas because they are unable to cope with old Chinese ethical and cultural traditions coupled with new business culture and practices brought on by external changes through Chinese economic and social settings. These differences indicate the difficulties these managers face in solving moral dilemmas and the weaknesses of implementing British MNCs' ethical standards in China. It is indicated that cross-cultural managerial ethical decision-making is an emerging issue. Whilst there is clearly a sense of '*us and them*', there is at least some agreement that the reasons for the ethical challenges are due largely to business culture and practices.

How expatriate managers survive in the local environment is a sensitive moral issue. Have expatriate managers lost a sense of themselves and their own principles? Some have, but some have tried not to be brainwashed by the Chinese by still remaining conscious of their knowledge of what is right or wrong to themselves. However, evidence shows that expatriate managers have been influenced by their Chinese colleagues to adapt to local business culture and practice while detaching themselves from operational activities completed by their Chinese counterparts. They often turn a 'blind eye' or have 'deaf ears' and leave everything for the Chinese to sort out in their own back yard with their own countrymen. This has made British MNCs' headquarters in the UK (and its ethical standards) unable to have much power by not having its voice heard and also being unable to work closely with the direct decision makers themselves in China. Expatriate managers have gradually changed their moral behaviour and attitude by following localised standards and practices.

Have we seen any mental moral distress? 'Yes', is my reply and my conclusion is that evidence shows that we see managers lose their own self-identity in their job role over the decision-making for their company. We see the uncomfortableness experienced by some managers in the process of detaching themselves from ethical man to economic man – a business man indeed. We see hopelessness in some managers' words and a sense of confusion under 'grey areas' and 'uncertainties' which are described by Thomas Donaldson as 'moral free space'.

Managers' experiences indicate the significant difficulties they faced in finding the best strategies for solving ethical dilemmas and how they resolved their issues by adapting themselves into what is seen as reasonable and correct locally. However, one thing clearly agreed between these managers is that their behaviour and action was for their companies' success in China.

The business environment is created by the countries' culture as well as economic and social factors. That is how business operates. The individuals who make decisions in this environment are unlikely to be able to change the business operation until the business climate is changed. The managers who operate in China for British MNCs will still face the same kind of moral dilemmas and confront challenges in solving them. This is the reality reflected from the interviews gathered in China.

Overall, there appears to be a sense of detached reality between British corporate ethical standards and business operation in China. The responses from China-based managers ultimately urge us to have better understanding of managerial ethical behaviour in decision-making on one hand, and recognition of its complexities over ethical issues at both national and international contexts on the other. The next chapter explores the moral dilemmas facing managers in Britain, and their experiences of making decisions when confronted with moral dilemmas.

Chapter Nine

Results of Semi-Structured Interviews with UK-Based Managers

Introduction and Chapter Overview

The purpose of this chapter is to present the findings from the qualitative data gathered in Britain regarding MNCs' home-based managers. Academic attention has been paid to the ethical challenges confronted by international and expatriate managers in the international market, but it has been found that there has been a lack of research on ethical challenges confronted by MNCs' home-based managers. This chapter therefore aims to demonstrate a real sense of the moral challenges and dilemmas UK-based managers face today in the workplace, and explores how managers in Britain make decisions regarding moral dilemmas. It considers moral thoughts, emotions and experiences in solving ethical dilemmas; and how the managers' moral behaviour is reflected in their decision-making processes.

Background to the Interviews

Here I present the results of research based on eighteen semi-structured interviews with UK-based managers from various industries. Confidentiality was assured to all. Therefore, the names of the interviewees and the organisations they work for are not disclosed in this study.

The interviews took place in London, Southampton, Birmingham, Telford, Newport, Sutton and York, and involved a sample of British local managers and one Chinese expatriate manager. The managers worked for the same companies as the Chinese managers in the previous chapter.

The configuration of the results presents participants by their pseudonyms to protect their original identities. UK and CN is added to indicate where participants come from. To help contextualise these accounts, a brief 'cameo' portrait of each participant is presented in table 9.1 below.

Table 9.1 Cameos of the Participants Who Based in the UK

Name	Cameo Portrait
Lucy (UK)	Middle manager. Aged 30. Total of nine years' experience in industry. University graduate.
Mike (UK)	Senior manager. Aged 46. Total of twenty five years' experience in industry. Professional qualification.
Ross (UK)	Senior manager. Aged 58. Total of forty one years' experience in industry. Master's degree.
Jane (UK)	Senior manager. Aged 37. Total of fifteen years' experience in industry and five years in current company. University graduate.
Joe (UK)	Senior manager. Aged 47. Total of twenty three years' experience in industry. Professional qualification.
John (UK)	Senior manager. Aged 34. Total of nine years' work experience in current company. Master's degree.
Phillip (UK)	Senior manager. Aged 50. Total of eighteen years' work experience in current company. Master's degree.
Thomas (UK)	Senior manager. Aged 35. Total of thirteen years' work experience in current company. Professional qualification.
Adrian (UK)	Senior manager. Aged 47. Total of thirty years' experience in industry. University graduate.
Harry (UK)	Senior manager. Aged 45. Total of fifteen years' experience in current company. Secondary school education.
David (UK)	Senior manager. Aged 43. Total of twenty five years' experience in industry. Diploma.
Becky (UK)	Senior manager. Aged 44. Total of seven years' experience in current company. University graduate.
Amy (UK)	Senior manager. Aged 35. Total of ten years' experience in industry and six years in current company. University graduate.
Jeff (CN)	Middle manager. Aged 32. Total of seven years' experience in industry and two years in current company. Master's degree.
Sue (UK)	Middle manager. Aged 32. Total of eight years' experience in industry and one year in current company. Master's degree.
Gerry (UK)	Senior manager. Aged 47. Total of twenty two years' experience in current company. Professional qualification.
Ted (UK)	Senior manager. Total of seven years' work experience in current industry. Doctoral degree.
Luke (UK)	Senior manager. Aged 41. Total of twenty two years' experience in current company. University graduate.

Three main themes of moral concern emerged from the interviews:

1. Human Resources
2. Business Operations
3. Corporate Social Responsibility.

Human Resources

Two main sub-areas emerged from the interviews: (1) redundancy programmes, and (2) favouritism.

1. Redundancy

Scholars in early management research, such as, Baumhart (1961), have already reported that firing employees and making employees redundant were the issues which gave the deepest ethical concern to Western managers. This was clarified by interviews with the British managers in this research. Under the pressure of business survival, managers, such as, Luke, have to compromise their personal morality and place priority towards their company's interests. Luke discusses his company's business interest in India:

“The business will down-size over time (in Britain) without any question. I think the trip to India is quite a moral issue for me. Obviously, we went out looking at outsourcing processes. It is inevitable that by pushing processes over to India, we will be taking jobs away from here (Britain).”

Managers, Mike and Ross expressed frustration at having to keep quiet about redundancies. They indicated a conflict between their personal ethics and business demand. Here they explain:

“If you are party to the information affecting somebody who is going to be made unemployed, the moral dilemma is that they are your friends and thus do you say anything?” (Mike UK).

“When we merged with company B, for a quite long period this (redundancy issue) was kept very secret, and that was quite difficult. I knew what the situation was. I literally couldn't say anything because I was bounded by the confidentiality I agreed, and it would be professionally wrong of me to tell. That's a sort of professional versus personal situation.” (Ross UK).

A series of moral dilemmas have been confronted by many interviewees who were involved in making decisions in redundancy programmes. Interviewees, Jane (UK) and Joe (UK), were involved in such programmes and as Jane described, making

people redundant is probably the biggest moral dilemma she has faced in the workplace. Here, Jane remarks:

“We have been off-shoring quite a number of jobs for the last 18 months, 2 years across India and Sri Lanka. The response you get from some customers and some employees is that you are moving British jobs overseas...I had moral dilemmas such as when we had to close sites and make people redundant. This is probably the biggest moral dilemma. It is tough, because when you are closing sites and the location down, you make 400-500 people redundant.”

Joe states:

“I have to identify the people that I think should be made redundant. You know the name, you know the face, it is very difficult. You’ve got to make 2 people out of 10 redundant. Why do you choose that person instead of the other person?”

Making decisions to make employees redundant is a very difficult moral dilemma which is evidenced in both Jane’s and Joe’s cases. Both show their concern about others and find it hard to implement their company’s strategic decisions. What kind of moral standards would Jane and Joe apply? What did they think was morally right or wrong? Jane states:

“Morally, that doesn’t feel great. They have usually got a family to support. But if we are not making a lot of operations [sic profit], it’s not cost-effective keeping those areas open.”

Whilst Joe reflects:

“The point comes in management when you have to think about the benefit of the majority rather than the minority. I have to balance the needs and desires of the workforce and shareholders.”

Although both Joe and Jane show their managerial concern about others, both admitted that they have a responsibility to consider the company’s and shareholders’ benefits, even when they clearly know that individual employees and their families might be at financial risk. Joe thinks from a utilitarian perspective in that he is willing to sacrifice the minority for the purpose of securing the majority. However, there is clear indication that sometimes corporate business decisions seem to conflict with a manager’s personal ethics. Therefore, moral dilemmas often occur. However, decisions have to be made. Here, they explain what they considered as the most

important factors in deciding what to do when faced with the moral dilemma of redundancy. Jane says:

“I think that although it’s not great for the individual concerned, the big picture has to be looked at, which is what’s good for the company’s and shareholders’ futures and to analyse things from the company’s point of view, because we work in a very competitive environment and a very competitive world. So I have to face that sort of moral dilemma.”

and Joe:

“When you have to make decisions about what is the best for the company you have to consider efficiency, quality and productivity, and you have to continuously look and improve that, otherwise the company will die. You have to go along with the majority. It’s wrong to be too extreme. It has a devastating effect on that minority, but you have to make a decision which suits the majority.”

It clearly shows that, as managers, both Jane and Joe have to separate themselves professionally and have different sets of ethical standards to make the right decisions for achieving the company’s success. However, performing as a different person in business left moral dilemmas for both Jane and Joe. Jane explains:

“The first time when you face it, it’s not very nice, but when you’ve done it a couple of times, I wouldn’t say it gets easier, but I’ve sort of learnt how to deal with it.”

and Joe:

“I do try to get to the stage where I don’t think of the individual. I look at the numbers. However, when you know the people involved, it is hard to abstract that personality. It is difficult, but you try and do whatever you can to approach it logically, constructively. But how can you convince someone who has just lost their job of that?”

From the comments made by both respondents, the message is that the degree of ethical tolerance increases after Jane and Joe have faced the same issues repeatedly. They start to lose their sensitivity toward the issue, allowing them to feel easier about their decisions. Did Joe and Jane experience a sense of loss of their own moral identity? Scholars, such as, Carr (1968), already emphasised that when managers reconcile their own personal integrity and ethical standards in operating business activities, they make sure not get too emotionally involved, which would make themselves feel better psychologically. Joe’s behaviour follows these assumptions as

he said, *“I do try to get to the stage where I don’t think of the individual. I look at the numbers”*. It was also argued that managers’ moral justification often rests on the fact that they would think of business reality, which is exactly what both Jane and Joe did.

The interviewees, John (UK) and Phillip (UK), faced moral dilemmas in whether to tell certain employees the truth about who would be made redundant before the information would officially be released to the public. They faced the moral dilemma of whether they should treat the issue from a friend’s perspective or a managerial perspective. Conflicts between what managers believe is right or wrong on a personal level, and what the company demands them to do, surface again in John and Phillip’s cases. Here, they describe the nature of their dilemmas. John:

“I was managing quite a lot of people, and some of them became very good friends of mine. Then we went through several waves of redundancy. Dealing with that issue was very difficult. For economic reasons, we have to let them go. Do I treat them as friends and tell them the truth, or should I behave as to how my company would expect me to behave as a manager and keep quiet for a period of time because we want them to remain motivated and do the job?”

and Phillip:

“To go through a restructure and redundancy programme - you start to work on those weeks, possibly months before an announcement is made. There will come a time when you know ‘yes, this part of the business is going to be shut down.’ Now in an ideal world, you get yourself in a position where that knowledge is never awkward. What do you do when the person sits in front of you and says ‘Look, I know there is a restructure going on. I am just about to put an offer on a new house. Is my job safe?’ That’s the sharpest feeling of moral uncomfortableness I am aware of at work.”

It seems clear these managers show concern about others, but they are torn. On one hand, they would like to tell the truth to employees but on the other, as managers, they have a responsibility to fulfil their companies’ requests to keep the information secret for their company’s benefit. Both individuals indicate that they might have to act differently in business situations. Phillip describes what he felt was *‘the sharpest feelings of moral uncomfortableness’*. This indicates the typical feelings managers might have when they have to compromise their own personal ethics in order to maximise company benefits. Therefore, managers are often split between a decision

based on business consideration and one based on their personal ethical standards. However, how do John and Phillip morally justify what is right or wrong? John says:

“If one of them [an employee] came to me and said that he was going to take out a mortgage or had just had a baby, then I would have some more serious issues. I would have asked my boss to do something, because it’s not fair. Fortunately, nobody said this sort of thing. For me, from a selfish point, the job market wasn’t too bad. It was tough and difficult, but it would be quite easy for them to find a job.”

While Phillip informs us:

“You know, you shouldn’t tell them [employees] because you’d then compromise the firm’s position legally, and you shouldn’t tell them because they may tell other people and the whole thing will get out of control before the proper moment. On the other hand, how reasonable is it to just sit there and to say ‘no’.”

For John, his decision is conditioned by his sense of fairness in this situation. What is fair depends on an employees’ circumstances and the consequence of redundancy. The demand in the labour market influences his emotional feelings about making someone redundant. Although legally Phillip has to keep the information confidential for the benefit of the company, he still does not feel comfortable hiding the truth from employees about possible redundancy. Hence, the reconciliation of John and Phillip’s personal conscience was not easy for them. Firstly John concludes:

“It was for the company. It’s not something I did by choice. It’s something I have to do from managerial responsibility. I have to be able to separate my professional and private life. I was in a work mode bound by my work contract, so I had to treat people as employees, not friends. Unfortunately, I was very pragmatic. I basically kept quiet. But it’s a difficult decision.”

and Phillip ends with:

“So, my solution to that problem is to say ‘I am sorry I can’t answer the question.’ Not to say ‘yes’ or ‘no’.”

The decision both interviewees made was to keep quiet and avoid direct answers. They expressed that they have to separate what they believe is right and wrong on a personal level as distinct from business decisions.

When employees are underperforming or absent from work for long periods, managers could face the moral dilemma of making such employees redundant. Thomas and Adrian describe the nature of their dilemmas:

“If I were making decisions that result in making people redundant, that would be a moral issue. We did this a couple of years ago when we were considering making one of our members of staff redundant. So that starts to present moral issues for us.” (Thomas UK).

“We have an employee who has had a period of absence because of a serious disease. He is not getting better. We are going to let him go. It is a hard thing to do - actually sitting down to say to him that it is the end of his role. Morally, it doesn’t sit right with me, but business-wise, that’s the deciding thing, because he costs the business £100 each week.” (Adrian UK).

Both Thomas and Adrian are aware that making employees redundant is a moral issue for them. However, conflict appears again between what is believed to be right or wrong on personal and business levels. As Thomas said:

“From a business perspective, you need the best-performing people to work for you, so the right business decision probably is to get rid of him [the under-performing employee]. But you know the guy has family. I was conscious that maybe we hadn’t tried hard enough to change his performance. On a personal level, that makes you feel uncomfortable. You don’t want to do that to anyone.” (Thomas UK).

While Adrian divulges,

“It doesn’t sit right, doesn’t feel right. But it’s still got to be done. So there are harsh decisions to be made.” (Adrian UK).

It appears that on a personal level, both managers feel morally uncomfortable to make employees redundant. Although both Thomas and Adrian expressed the difficulties of making the decisions, they eventually had to agree that they had to make the right decisions for business. It seems business costs are the most important issue to be considered. In their words:

“It would have cost us so much money to make him redundant. Therefore, we have kept him. I changed his role and his responsibility. I thought he could do better. His performance has improved.” (Thomas UK).

“We have to pay someone else to do his job, so the company is not only spending £100 a week on him for whatever his sick pay is. He is also getting

his work done by somebody else. We really need to do something. We have to let him go. Somebody is going to sit down and say to him that it's the end of his role. That will be me, because that's what I do." (Adrian UK).

Although Thomas decided not to make the employee redundant, both Thomas and Adrian's motivation was to save money for their companies. When employees are underperforming and their distracting behaviour is negatively impacting upon other employees' performances, managers could face moral dilemmas deciding whether or not to make the underperforming employees redundant.

The interviewees, Mike, Lucy and Becky, faced a moral dilemma deciding whether to make someone redundant who had a bad effect on the business performance of others. All of them show their moral sensitivity with empathy towards the employees involved. However, for the benefit of the business and the other employees, they judged what is right or wrong from a utilitarian perspective by saying "*...the survival of the business was paramount, along with all the other people in the company...*" (Mike), "*...for the greater good of the team, it has to happen...*" (Lucy), and "*It's got to be the right for the company, you've got to move forward.*" (Becky). Although the decisions are right for the business and the majority of people in the business, Lucy still felt a sense of wrongdoing because of the consequence of the impact on the minority. In Mike's case, although he expressed difficulties in making his decisions, he seems more comfortable to carry out the decision and does not express any concern about the consequences to the woman he sacked. Becky rationalised her decision that "*...you have to, you've got to be very tough in the end.*"

2. Favouritism

Favouritism is another moral issue which British managers expressed sensitivity towards, possibly influenced by some Western ethics which emphasise equality and justice, and the value of fairness and honesty. Here, British interviewee, Adrian said, "*There is always the tendency that people pick up their friends to do the jobs rather than the person who is the best suited to the job.*" Whilst manager Harry commented, "*There is a degree of favouritism in the workplace.*" British manager David reported the issue of discrimination against Polish workers due to local employees favouring their own co-workers. Equality, fairness, justice and honesty appear to be the main

moral elements which triggered these British interviewees' moral sensitivity to issues they faced regarding favouritism and equal opportunity.

Here, Ross (UK) discusses the situation revolving around staff appraisal. He iterates:

“Performance management is a moral dilemma for me. The relationships between the shop floor and management are very close. There are times when we perhaps shy away from more effective appraising of a person because we want the preservation of relationships more than the effectiveness of the appraisal. We tend to water things down as opposed to being really honest with an individual about his or her performance. Really, this works out badly for both parties, because when difficult decisions need to be made, perhaps in terms of redundancy, it then becomes more difficult.”

For Ross, there are three issues here: honesty with himself, honesty with the employee, and a dilemma around Ross's own managerial performance for the company. Ross has a sense of unease surrounding himself as he does not really do what his company demands from him. Honesty seems to play a vital part here, which triggers Ross' moral sensitivity to the issue.

British manager, Phillip expresses his dilemmas over the issue of favouritism:

“In my position as managing director running a business over the last two years, I've twice been in the position where one of the directors reported to me that he had started a serious relationship with his staff. That makes things very difficult. When I'm looking at promotion, I want the marketing director to talk about it. But, how balanced can he be when the love of his life is one of the four people he is talking about? I think that's a small scale, trivial, moral dilemma that people often find themselves facing. What do you do when you are in a redundancy programme? Who would you expect the marketing director to decide has got to go if he is in a relationship with one of them?”

What did Phillip decide to do? He answers:

“I compromise somewhere in the middle, and said publicly that it was my decision. But I did privately ask what his opinion was.”

Here Phillip explains the rationale behind his decision:

“There was a point when we were making somewhere between 10 to 15 per cent of the workforce redundant. A terrible time for the company and a terrible time emotionally for the people who have to go and for the people who stay. One thing that I think my staff had absolute right to expect was that the redundancy was dealt with strictly, honestly with no favouritism. So

even though, on balance I might have trusted his judgement. I didn't want people to think his judgment could have been influenced."

For Phillip, the dilemma was to decide how to balance between two issues: that is to maintain a good relationship with the marketing manager and to be honest with the employee. Interestingly, he decided to take the 'middle of the road' approach, which is the common way to solve problems adopted by many managers in China when confronted by similar moral dilemmas.

Summary of the Moral Dilemmas Confronted related to Human Resources

Redundancy appears to be the major issue, which caused moral dilemmas for managers. Pressure on managers to compromise personal ethics for corporate goals appears to be widespread when making employees redundant. Thomas said that his decision made him feel uncomfortable on a personal level. The conflict between managers' personal ethical standards and company's demand appears to be a typical ethical dilemma for British managers facing redundancy programmes. The managers expressed great difficulty in balancing between the two. They, as managers, have to make decisions for their company. Jane described redundancy as the biggest dilemma she encountered, as did Adrian, in their managerial roles. Joe found himself becoming morally insensitive to the issue after dealing with it regularly. Phillip uses the words '*the sharpest feeling of moral uncomfortableness*', while John expressed that he had '*no choice*'. Other managers, such as, Mike, Becky and Lucy, also had similar experiences to those of John's. The motivation of their decisions is for the survival of their company and the happiness of the majority of the workforce. Evidence shows that small scale favouritism exists in the workplace, some showing sensitivity towards the issue whilst others have faced moral dilemmas with the issue. Managers, like Ross and Phillip, make decisions to maintain good human relationships with others in work. However, there is no evidence to prove that they agree and support favouritism in the workplace.

Business Operation

Business operation appears to be another area of moral concern emerging from the interviews with UK-based managers. Two sub-areas which emerged from the

interviews are: (1) business targets versus personal moral standards, and (2) implementing corporate rules and standards.

1. Business Targets versus Personal Moral Standards

Managers, Phillip (UK) and Joe (UK), illustrated their discomfort at compromising their personal standards at the expectation of corporate performance. Joe is committed to maintain his own moral code by saying, *“There are times I have been asked to do things that I don’t agree with, and I refuse to do them. My philosophy is basically: the company can only sack you once. When you’ve lost your good reputation, you’ve lost it for life.”*

While Phillip is clearly uncomfortable in these situations by saying, *“Large multinational companies have their own internal logic and drives, which sometimes sit slightly uncomfortably next to my personal standards...you know it’s in the grey areas.”*

The evidence gathered from the interviews indicates that managers often face ethical dilemmas involving balancing their economic duties of achieving business interests and their personal moral standards. The following three accounts provided a fuller picture.

Amy (UK) has business pressures which push her to adopt certain strategies to achieve her company’s business targets. Here, Amy describes the nature of the dilemma:

“A moral issue would emerge around pricing. I need to reach a turnover of £50,000 by the end of the month. A new client comes through the door and asks how much it would cost us to do the job. Then you can get away with charging them a bit extra to try to meet your target. They don’t know that you added a bit extra on, only you know. That’s the kind of thing where you might think, ‘Should I do that or not?’.”

Under the pressure of achieving a business target, Amy has to do something which she thinks is morally questionable. Interestingly, she is aware that what she does to clients is not right and has to be kept secret. How does she justify herself?

“If I thought that there is a chance that they might find out, then I wouldn’t do it. We send them a quotation where we say it would be £100, then if they are happy to pay the price, it’s their choice. I am not hurting the other person. They don’t know they are being hurt. I am not stealing from them. You know that legally it is fine, but legality doesn’t really come into it, does it?”

Amy is happy to keep the client in the dark because it is not illegal. Interestingly, she is clearly aware that the problem is not really about legality, it is more about whether it is morally correct. She knew that she made decisions which are morally wrong, but, she made them under the grey area between law and morality. What motivated her to make her decision? Amy continues:

“We achieved our target. Obviously with regular clients, you can’t do that (overprice). But if the opportunity comes along with a new customer, then that would be an opportunity where we could charge them more money. It’s a matter of using a business head and a personal head, isn’t it? This is where your business head comes into its own in work. I am under a lot of pressure to meet targets which is obviously great enough to make me compromise things that if I wasn’t a manager, I wouldn’t do perhaps. So I suppose it is pressure of business that would make you change. So I would do it.”

Business pressure has made Amy feel that she has to compromise her own personal standards in order to satisfy what the company needs. In business situations, Amy has adjusted her personal ethical standards and seems to accept that this is the way it is in business. Therefore, a different set of ethical standards are used by her in business. Managers often have two roles, one is for business, and one for personal life, this has been discussed by scholars (such as, Baumhart 1961; Carr, 1968; Badaracco, 1992; Goodpaster, 2007) who argued that managers’ justification in such situations often rests upon the fact that they think business is a game, and therefore, a game requires a different kind of strategy and special ethics for it, which reflects Amy’s thoughts. Under business pressure, Amy decided she had to change her moral standards and compromise her personal values by thinking ‘that’s business’.

Thomas and Jane felt uncomfortable with the way their companies treated their customers. Business pressure, competitiveness of the market, and profit-making for shareholders have pushed business corporations to adopt different strategies in order

to survive and compete. However, business operation has created moral dilemmas for the managers. Thomas (UK) explains one of his dilemmas:

“Someone applies for life insurance. We look at their medical record. We take a view on whether they have a non-standard record. If so, we increase their premium. There is a lot of pressure in the market at the moment to process an application as quickly as possible. The problem is that if you want to know about someone’s health, in order to make the right assessment, you need to write to the doctor to get the records, so that adds on 40 days to the process. In that way, we get customers’ complaints in saying that our service is far too slow. So, the quick alternative way to do it is to see what applicants write on their application form, to take a view from the policy holder rather than to get the true medical history. Then, estimate some of the worst case scenarios, and put on additional premium, which probably is a bit more than what really reflects the risk, but you can get the policy document back out really quickly. So you don’t need to go to the doctor. I find that’s a bit of a moral dilemma.”

Jane, regarding her dilemma, adds:

“The only area I do occasionally struggle with is that corporate business requires us to make a profit from the shareholder’s point of view. Sometimes when I see the way we treat our customers, it feels not morally right to be doing certain things from a company’s point of view.”

Both managers felt the way their companies treat customers is morally problematic. They felt like rejecting what the company asked them to do and questioned certain behaviours. Thomas continued:

“You know the true premium for that person’s risk might be £100. Because I don’t really want to go for the doctor’s report, and I have to assume the worst case, I might charge them £120, but that’s not really a fair price. To come out with a truly fair decision, I would like to take 40 days to get the doctor’s report.”

and Jane adds:

“Sometimes I sit down and think ‘do I really want to carry on working in this industry? Do I really want to carry on working in financial services when I see some of the things that go on?’ However, it is difficult in that situation to say ‘well, I’ll put my morals above my income’.”

Ideally, Thomas and Jane would like to follow what they believe is morally right. Jane even struggles mentally and feels a sense of resentment and considers leaving the business environment in order to maintain her personal sense of morality. Thomas ended with:

“The market is driving us to do certain things. It is dominated by the people in service for clients. We are being pushed to make unfair decisions because we need to get the case out quicker. Who does that benefit? So the market at the moment is crazy.”

Jane concluded:

“I suppose we all face decisions about certain things we do not necessarily agree with at work. We just have to get on with it, because whether we like it or not, the company pays our income. The way I make decisions at home and work will probably be quite similar...but I probably have to be bit tough at work.”

‘Unfair decision’ is the way Thomas describes his decision. Does this show a strange business world, where managers have no choice about making decisions according to what they think is the correct answer? Market pressures drive companies to produce quick outcomes which push managers such as Thomas and Jane to do what they consider to be morally wrong. Although they do not agree with certain decisions in the workplace, they feel they have to compromise themselves because as managers, they are paid by the company and its shareholders. For Jane, she had to become a tough person in order to get on with the disagreement that she felt about the company’s operating procedure. Managers often face a struggle between the ‘rule for business’ and moral standards in their personal life because their managerial role often reminds them that they are an economic agent; consequently, managers often experience role conflicts when making decisions in business.

2. Implementing Company Rules and Standards

Implementing company values and standards appears to be a challenge to managers. Moral issues occur when a company’s rules are not practised by managers themselves. Managers also reported moral issues around employee behaviour in implementing company standards. Examples cited included, “...*the higher you go up the tree, the more the rules are blurred...*” from Harry (UK) to Adrian (UK) saying “...*the management issues are the moral problem here. There are many shades of grey.*”

Jane's company has seemingly good ethical values, and she accepts that at senior level their practice is carried out, but she is sceptical that company policy is carried out at all levels within the organisation. She says:

"I don't actually find my company is very good. Although, they have very strong values, I am not sure everybody behaves like that [following correct procedure] on a day-to-day basis. I wouldn't know, though, at a lower level whether today's business practices always match with company values. I've observed that they put them into action at senior level."

It appears that implementing rules and standards at every level within a large organisation is challenging even in British MNCs' homeland. Differing from the difficulties managers faced in China, here in Britain, managers face questions, such as, 'Is it moral for managers to tell employees to follow rules and standards which they do not follow themselves?'. For Harry and Adrian, it appears shop floor or lower level employees are required to comply, but managers can get away with blurring the boundaries. Large British MNCs have invested money writing business standards, codes of conduct, annual CSR reports, providing charitable donations and taking more environmental responsibilities. For Jane, the standards have been established at the top of the organisation, but unlike Harry and Adrian, she believes these standards diminish through the lower levels. These contradictions demonstrate the moral complexities for managers while some perceive rules and standards being only enforced upon ordinary employees, while others (such as, Jane), perceive the same types of employees are eroding company values.

British managers, Thomas and Phillip, questioned whether their judgement and decision-making have been influenced by building human relationships through a type of entertainment provided to them by their clients. In the words of Thomas:

"The companies which we are doing business with, we have to think: what's the human relationship like? What do they give us in terms of non-financial stuff? Occasionally you get invited to football and cricket. You could be accused of having a moral conflict here. Our clients entertain us. I get conscious when I get invited to places. I probably make sure I don't go to most of them. I don't think it would influence my decisions, but do I always make the right choice? Whose code can I use if I want to justify that? I think that creates some moral issues."

Whilst Phillip says:

“Bribery takes lots different forms. I am very keen on cricket. One of our contractors invites me to a test match every year. Is that acceptable? Would I favour the company because they take me to couple of cricket matches? The answer is ‘no’. So I can go with the relatively good conscience saying I am not being bribed. It’s a form of bribery, isn’t it? Or it’s an attempted form of bribery, and it probably does work at the level I am at. I get to know some of their leading managers in a social setting as well as a business setting. If something is not quite right, it’s much easier for me to pick up the phone and say to them ‘What’s going on here?’” So they wouldn’t spend that money without thinking there was a business benefit.”

Some managers talked about moral standards in countries other than Britain, and illustrated an awareness of different moral codes outside of Britain. British interviewee, Gerry, shows how he adopted local Chinese business practices in order to be able to do business in China. Although he understood the concept of *guanxi* in China and recognises it has very broad boundaries, he still sees it as morally questionable behaviour because it requires the paying of money. John (UK) unveiled how large MNCs enter a local host countries’ market even if there is an expensive gift, commission or bribe required.

Joe (UK) tells of a moral dilemma which he faced when his company was asked to give a bribe in a host country where they had a business operation. However, as a result, his company eventually asked an agent to pay the bribe. Here, he describes the nature of the dilemma:

“I consider myself to be very ethical. I realise that if you are doing business in other countries, you have to adopt sometimes the practices and standards of those countries, but there are certain points beyond which I will not go. Certainly, in Arabia, to get things done you have to give gifts and bribes. Gifts make things happen. I didn’t approve of that and I didn’t get involved in that, but we did eventually ask an Arab operator who then took over the responsibility for doing all that side of the work for us. So whether you say I agreed to what’s happening by the fact that I knew what was going on and what other people were doing, or what, I don’t know. It’s a very difficult situation, isn’t it.”

Joe considered his reaction and then said:

“The conclusion I came to was that I couldn’t, I didn’t, understand the culture of the backhanders and the bribes. It was not part of me. I felt uncomfortable although it wasn’t the decision I made to give the job of paying the bribes to somebody else who was more comfortable with it. The

decision still got made. We've still got businesses in the end. It's just done by somebody else. So, I've got a sort of moral bankruptcy in my own principles, against my own principles. I think there is no absolute right or wrong. It isn't black and white, it isn't easy or hard. It's the decision, one usually compromises. When you compromise, somebody usually gets hurt. Most decisions you make have to be a compromise because there is no clear cut, right or wrong, and that's it. It's somewhere down the middle."

Joe felt he was 'morally bankrupt', as he believes that giving a bribe is wrong. It appears to be a case of great moral compromise for him. He continues:

"My company asked us to sign to agree to their moral standards, and this is how we do our business. But they put the pressure on you to come up with results. That's when the pressure piles up. Do I cross that line? Even if I don't, we've still got the business in the end. It's just done by somebody else."

Joe expressed the conflict between his own moral standards and those to which his company asked him to sign an agreement. Eventually, both he and his company put their business first before their moral standards, even by paying an agent to give the bribe.

Phillip (UK) faced a moral dilemma when he was involved in bidding for a contract in his host country and the bidding would not be successful unless his company agreed certain financial arrangements to satisfy some local government officials. Their competitors provided two luxury cars for the family of the official who was in charge of the decision-making. Phillip describes the nature of his moral dilemma:

"As a business, we export a lot. Sometimes we export into markets where there's bribery operating in one form or another. Once, we were bidding for some contract in an African country for producing basic text books on agriculture for primary aged children. We were given to understand very clearly that the books were acceptable, but we couldn't agree with the current financial arrangements. Our competitor gave two Mercedes cars to the family of the official who was in charge of making the decision. I had a discussion with a guy from one of our other African businesses. He said: 'I understand it's nothing like how we do business here [in the UK]. You've got to understand how they do business there [in the African country] and how the society works. We produce the material with a significant profit margin. It is better to leave some in that country.'"

Phillip is aware that the issue he faced is morally questionable according to his own moral standards. One of his colleagues suggested they should adopt local practices

because the operation of the business and society are different from those in Britain.

Phillip gave us his thoughts:

“It’s common. Sometimes, when you know your competitor is doing that, and then they win, it’s very irritating...My company has very clear guidelines that you mustn’t do it. There is tension, because the company also has very demanding result requirements. You would be expected to increase your business by 8% a year. People can get themselves caught out when you know in one way the corporation is saying you mustn’t do this, but in another way, the unspoken implication is that unless you deliver these results, you won’t have your job. You can’t deliver those results without doing it [giving gifts/bribery].”

Phillip is aware that he cannot judge whether the local practice of gift giving is right or wrong. Phillip’s company also tells him what he must not do, but, as Phillip describes, ‘the unspoken implication is that unless you deliver these results, you won’t have your job’. Therefore, business development seems a more important factor for him than adhering to the company’s guidelines. In any case, this seems to be what his company wants him to do anyway. As he explains the final decision:

“We intended to do something about it: We set up an educational charity to build equipment and schools, and 10% of the value of the contract will be paid to that charity. So we got the contract, we finished without having to pay more for it than we wanted to, and we also finished (sic succeeded), by instead of sticking 10% of the contract into the official’s hands, in setting up a charity. Now, I’d like to think every single penny went into that charity. So, did we indulge in bribery to win the contract? ‘No, not quite’. Did we apply it absolutely straight? ‘No.’ We thought hard to come up with that scheme, and felt very good about it. But I am sure that every dilemma in that sort of area can’t be solved as neatly as that.”

For the benefit of the company and his own job security, Phillip made the decision to sit somewhere in the middle, not to be too extreme, either by too strictly following his company’s rules or to completely follow local practice. As a result, his company got the business and also could not be accused of bribing the officials.

Summary of the Moral Dilemmas Related to Business Operation

Managers face moral dilemmas when their own personal moral standards are in conflict with what they have to do for customers or clients in order to achieve business targets. They are aware of the consequences of their actions and the consequence of being discovered by their customers. However, concurrently, they felt

that they had to compromise in situations because they all faced business pressures to achieve targets for the benefit of the company. As interviewee Amy said, *“The pressure is obviously great enough to make me compromise things that if I wasn’t a manager, I wouldn’t do perhaps.”* The interviewees expressed that ideally, they would like to follow what they felt was morally right, which was to be fair and honest to their customers. All the interviewees chose their company’s benefit to be the most important factor and compromised themselves in order to satisfy business needs. They felt that they were accountable to shareholders and had to fulfil their responsibility to maximise business profits.

It appears that the managers, who have had working experiences abroad, are sensitive to the moral issues of bribery in their host countries. It could be concluded that business operations in the host country are also caught up in grey areas, and the evidence suggests that most large corporations are involved in giving payments in different forms to local government officials or authorities in exchange for getting business. Managers involved faced a degree of ‘moral bankruptcy’ caused by having to compromise or abandon their moral standards in order to resolve the dilemma.

Corporate Social Responsibility

CSR is another area of moral concern for British managers. Jane, a local British manager, is aware of the increasing trend of adopting CSR in order to avoid being seen as unethical or immoral by stakeholders. As she said:

“There is a moral issue for my company to make sure it plays a quite big part in society in terms of sponsorship, charity work, etc. It is quite a big moral obligation for my company to do that. It is very dangerous for the company not to do this. It is very dangerous not to be seen as ethical and moral. It is very easy for the company to get caught out if they are not careful.”

Jane is aware of the increasing trend of adopting CSR in order to avoid being seen as unethical or immoral by stakeholders. Large British MNCs adopting CSR have been discussed by academics as the consequence of companies having realised that ‘good ethics is good business’ in terms of long-term development. It is believed that one of the reasons for companies to adopt ethical codes is to avoid the risk of being caught

by pressure groups, and therefore avoiding damage to the company's reputation. Such academic debate is reflected in Jane's words.

Being socially responsible now seems to be fashionable in the business world. Jeff (CN) asked whether there is a conflict of interest between profit making and investing in charities, the environment and so on. He says that managers like him are often confused as to whether companies' priority is to make profit or to be involved with charitable purposes. In his words:

“How can the company deal with poverty and environmental issues, which are very hot issues at the moment? Those issues somehow interfere with profit-making activities which are the core activities of the company. You do have sometimes to deal with dilemmas, as to whether there are two sides of the same story or whether they conflict with each other.”

Scholars have debated the problem of CSR. There are two points of view, some scholars think that the only responsibility of the company is to make profit, such as, those arguments made by Milton Friedman; on the other hand, some believe companies should consider the interests of the wider public, such as, the stakeholder theory from Freeman. In business reality, CSR could cause sensitive moral issues to managers, because as managers, they have to be rational to achieve business targets, and they are told to follow CSR codes. Jeff's personal experiences reflect this scenario.

Both John and Ted work for PR companies and help large corporations to write CSR reports or re-build public reputations. What faces them is whether they would help any company from any sector. Here, they explain:

“We work in public relations, and a lot of our clients come to us when they need help to re-build their reputations when they have image problems. That could be oil companies, pharmaceutical companies, etc. They would come to a public relations agency to ask for some consultation on how to deal with the situation. What should they say to the media? How can we make them look better? Fortunately, in our contract, there is a point which says that if you don't want to work for a particular account for personal reasons, then no one can force you to do it.” (John UK).

“We know the sectors of work where we could help. Because of our personal beliefs, we actually decide if there is a sector we do not want to work in; an

example of that would be is that we do not want to work with tobacco companies. So, we make a decision based on our own morals which would be of benefit to our company's expertise.” (Ted UK).

Academics have emphasised that currently it seems more effective for companies to use instrumental strategies to speak in favour of corporate citizenship, responsibility and business ethics. Few business people would openly speak out that their companies are irresponsible because it would not be suitable for today's business environment. Large MNCs spend considerable amounts of their profit every year on ethical consultation as stressed by scholars (Wotruba et al., 2001; Joyner and Payne, 2002; Bondy et al., 2004). The interesting findings from both John's and Ted's interviews are that, as working for PR and ethical consultation companies, they also have confronted sensitive moral issues over what type of companies they could help in terms of maintaining their own reputations and personal moral standards. Both of them expressed how they would not help companies if they believed that the company's business activities were against their personal and corporate values and ethics. This kind of moral issue appears to be typical for managers who work in public relations and the ethical consultancy sector. Ironically, from both John's and Ted's words, it appears that CSR has been treated as a public relation tool.

Here, we examine how British managers deal with the moral dilemmas they experienced which arose from these issues. Interviewee, Sue (UK), faced a moral dilemma when she felt her company failed to deliver what they promised to do at regional local level. Sue complained:

“We've had someone from my company talking to us about climate change. It came across very much that there is a problem. The company is looking at what the approach to global warming will be. They have a corporate carbon policy which they are moving towards, but at regional local level, we are involved in projects such as motorway-widening which, it seems to me is flying in the face of what is being told to us by other members of our company.”

Sue expressed her awareness of the moral issue which occurred when her company's policy on climate change was not implemented at regional level. She continued:

“We still feel uncomfortable working on that project, although I work for the company delivering that project.”

What did Sue consider as the most important factor when she was deciding what to do? She said:

“The company takes decisions at a corporate level. So if you feel that it is in some way immoral ethically, then you can say, ‘I don’t want to work on that project.’ I am not sure whether this goes far enough for me. I am sure the environmental scientists, too, probably say, well, we are just assessing. Our role is again not to say whether something should happen or not.”

Although she made a very clear judgement on this issue, she still considered her role and responsibility within the company as the most important factor in deciding what to do in this dilemma. Here she explains:

“My group is working on the project, although we are considering rejecting that project. Clearly, our work is supporting the furthering of that piece of work. I actually informed my director about that case, but it’s not resolved. I have thought it through. The problem was to look at what my role is. My role is to deliver the consultations. It’s not to make any kind of decision for or against in the case of the project.”

Sue decided to compromise her own personal morality by keeping quiet. Although she rejected the aspect of the project she was originally concerned with, she still worked for the company on another part of the project. The reason being that because she thought it was not part of her job to confront her company with what they wanted her to do.

Summary of Moral Dilemmas in Relation to Being Socially Responsible

It appears that implementing rules and standards at every level of a large organisation is very challenging. This raises the question of whether each level in the hierarchy of a business corporation follows the company’s moral standards in their daily business dealings – it seems not and hence managers have faced moral dilemmas in finding out that their companies are not fulfilling what they claimed they could do. However, evidence has shown, the interviewee would, in most cases, consider their job responsibility and role within the company as the most important factor in deciding what to do when faced with moral dilemmas.

Chapter Summary

The evidence presented from these accounts illustrates the complex blend of components that interlink to form the experiences of making decisions in the face of ethical dilemmas. A central feature from many of these interviews is the belief that the UK-based managers have faced numerous ethical challenges in the fast changing business environment at national and international levels. Yet, from the interview findings with UK-based managers, the relationship between 'business' and 'ethics' needs to be reconsidered. It is apparent that large MNCs have tried to convert themselves to be more 'ethical' on paper or through charitable activities, but so what? How are the day to day business dealings being operated, and yet, the more important question is how their managers find themselves making their decisions in the daily operation of business? The trend of globalisation has focused more on what has happened in the international market and consequently the attention from both the academic and business worlds has been pulled into the ethical problems and dilemmas as a consequence of dealings with host countries. We must not forget that the daily challenge of basic business activity means constant pressure on feelings and emotions as home-based managers struggle with a range of ethical dilemmas.

The moral issues that these UK managers are sensitive to, such as, redundancy programmes, are the product of British MNCs' movement of labour and production to less developed countries, evident as a result of changes taking place in the global business environment described in chapter one and two. On a bigger picture, British MNCs take advantage of globalisation for cheaper labour and seek competitive advantage through cost cutting which they argue is for their companies' success and survival as well as for the benefit of the majority rather than minority. However, we can see the consequences of such big corporate decisions at an individual level. In making tough decisions in order to fulfil such corporate strategic decisions, the majority of interviewees experienced moral dilemmas and struggled to come to terms with understanding the reality of managerial decision-making and deciding what to do.

For some interviewees, there is an obvious sense of hopelessness or helplessness. This feeling emerged strongly in the interviews with managers who had experiences of

being involved in such programmes. Due to the experience of keeping redundancy information confidential at pre-redundancy stage, the managers experience conflict between roles as managers and as moral individuals concerning others' welfare. The difficulties in solving such dilemmas have been clarified; every one of the interviewees being overstretched morally to some extent. The results from the cases illustrated here are that business survival and confidentiality is overriding. However, it left some managers with unbalanced values and a sense of guilt while others experienced strong feelings of moral uncomfortableness, struggle and disagreement.

Can we call these managers immoral or amoral simply by judging their decisions? They have feelings, which need to be considered and understood. We see that they were morally sensitive to issues and feel sympathy toward employees – this forces them to try and strike a balance between what they think is right or wrong and what they have to do for their company. In some circumstances they had to compromise their own moral standards and to suffer the consequences of their managerial decisions. The evidence from most of these interviews points to the cause of the conflict as a result of having to consider moral issues from two different and often opposing perspectives; those of themselves as an individual and themselves in their managerial role. Behind all these tough business decisions, we see moral and emotional detachment being acted by the interviewees when using dual standards in their personal and professional life. This leads to the typical symptom of 'moral schizophrenia' identified in Goodpaster's (2007) text.

It seems that there is no supporting mechanism in place to help these managers to deal with moral discomfort and guilt. They have no other choice but to be tough in the business world. I find some interviewees worked out their own ways psychologically to cope with the unpleasant experiences of dealing with the moral dilemmas they faced after making staff redundant numerous times or having to treat redundant staff as 'numbers'. These managers became less morally sensitive and less sympathetic toward the employees who were affected after a while. Their moral support mechanism is more instrumental and less personal. We evidence that managers have gradually become amoral under the pressure for business survival by thinking, 'That's businesses.'. Moreover, with increasing work experience, managers started to lose their sensitivity to the issue, and even their own moral identities in making business

decisions in the workplace. It is clear that they sensed that they are allowed to or expected to make decisions for business success within the culture and ethics of business reality. This appears to be because of a need to consider what is good for the company's and shareholders' futures.

The other major issue reflected from British interviewees is focused on corporate pressure to achieving business targets. Such business pressure has given some of the interviewees the feeling of being pushed into a murky uncertainty filled with uncomfortable morality. Very few of the interviewees presented a picture of a determined need to make decisions following what they believed was morally right personally, this is mainly because of their managerial role in the organisations to achieve satisfactory outcomes for their shareholders. This is also mostly conditioned by a competitive business environment that has created a considerable amount of pressure for managers. As some interviewees indicated, there appears to be no other way of resolving or finding solutions. Inevitably, the only outcome is to satisfy the company because, firstly the company pays the salary, secondly they are under business pressure, and thirdly the market drives them to make potentially unfair decisions. Had they been free of business pressure, they might have chosen a different path.

Several interviewees placed their attention on business's engagement in CSR under the current ethical climate in the UK. Questioned by many academics over the motivation behind corporate ethical engagement, ironically, moral dilemmas have been confronted by some interviewees who are torn between their companies' ethical standards on one hand, and pressurising them towards business success on the other. The evidence here points to a default in implementing companies' ethical standards and social responsibility from these interviews. The interviewees present the irony behind British MNCs' ethical gesture and the business reality in managerial ethical decision-making as well as the reasons why managers would give priority to satisfy their companies' needs. Are we not convinced that it is a public relations strategy after all?

Despite the fact that the interviewees gradually got used to making tough decisions, the moral and emotional scars still felt painful and '*run deep*' when the interviewees

rethink their thought-processes whilst describing the nature of their dilemma. This experience was presented strongly in some cases over the issue of bribery in another country. Again, the moral dilemma experience left interviewees with an uncomfortable memory; a sense of guilt and doubt about their questionable moral behaviour. The most traumatised managers actually experience a form of ‘moral bankruptcy’. As described by scholars, such as, Carr (1970), managers’ hiding personal moral conscience in business could make them feel guilty and lead to serious psychological damage. We see from these interviewees, how managers expressed their feelings of compromising their own moral conscience in business, and how they suffered psychologically as a consequence. Their experiences of making business decisions in moral dilemmas are, at best, unpleasant, and, at worst, complete moral failure. Many of the participants were left with a range of feelings, including hopelessness, frustration, uncomfortableness, vulnerability, confusion, shame, anger, resentfulness and disappointment. Throughout these experiences, all participants had difficulty connecting between what they personally think is morally correct and what they have to do for business survival.

The symptoms which the British interviewees emanated are ‘the occupational hazard of business life’ as described by Goodpaster (2007), which is a ‘disease’ or ‘a condition’, that affects these managers’ ethical perceptions, reasoning and action when making decisions in business issues containing moral dilemmas. Such conditions affected how these managers see business reality and how they respond to their observations in deciding what to do. Considering the different moral dilemmas that the interviewees were confronted by, and the way they resolved them, we see a pattern. This pattern is that all the interviewees were given business goals and targets under corporate pressure at national and international levels. When they face business moral dilemmas, they tried to rationalise their managerial responsibilities and business realities even when they know what is right or wrong at a personal level. The purpose of this is to achieve their companies’ benefit even when they experience moral discomfort and guilt.

Eventually, the interviewees learned how to separate ethics in business from ethics in their personal life. It might be the way these particular individuals escape from self-moral conscience. For some, they lost moral sensitivity over a period of time when

making difficult business decisions. However, for others, the process of detaching themselves morally and emotionally when making business decisions has left them psychological 'at risk' and the unpleasant feelings still haunt them over their decisions.

The interviewed managers thought about protecting their own jobs and incomes and those who pay them their salaries in deciding what to do. However, the damage caused to them as a moral person and the cost of curing the condition of such an occupational hazard in business life might be uncountable.

The reality of managerial decision-making when facing moral dilemmas as reflected from all these interviews urges us to consider the importance of understanding more deeply and thoroughly what exactly happens behind corporate business decisions, and the feelings, emotions and struggles that managers have in making such decisions both at national and international levels.

This chapter has concluded the empirical evidence presented in this thesis. The final chapter will now present a discussion and critical reflection of the theoretical evidence compared and contrasted with the data presented in this thesis. What conclusions can be drawn on the reality of managerial ethical behaviour when making decisions in the face of ethical dilemma?

Chapter Ten

Discussion and Conclusions

Introduction and Chapter Overview

This final chapter is structured into three parts. Firstly, the chapter brings together the results of the postal surveys and the results of the two field work chapters in order to discuss the evidence for the moral behavioural processes of the participants when making decisions in moral dilemmas. Secondly, the overall implications of the results and the consequences these may have for further research, business corporations and managers will be discussed. Finally, a critical reflective account is presented.

Findings of the study

The three broad aims of this study were to investigate:

1. How managers make decisions when facing business moral dilemmas in China and the UK, especially under increasing business pressure for success in the context of globalisation
2. What differences and similarities exist between Chinese and British managers' moral behaviour governing their decision-making
3. What are the factors which respondents associate most strongly regarding their moral behaviour in decision-making.

Results of the Questionnaire Survey

The results of the postal survey demonstrated the differences and similarities between the Chinese and British managers' moral behaviour both in personal and business situations. The Chinese and British managers' personal moral judgement and motivation were explored firstly by using two existing research instruments, the DIT and the PVS. Significant differences were found between the Chinese and British managers in terms of how they reason out their decisions and in their personal values. The results also show that the causes of differences between the two groups of managers are mainly related to ethical and cultural differences between China and

Britain. Managers' moral behaviour was also investigated when making decisions in business situations by using the business scenarios. Chinese Confucian ethics and traditional culture appear to have a significant influence on the Chinese managers' moral decisions. However, profit-related rationales also play a major role influencing the judgement of both Chinese and British managers and the motivation underlying their actions.

The results from the investigation of the managers' CMD indicates that the majority of Chinese respondents in this study are at stage four of Kohlberg's moral development stages compared to their British counterparts who have a majority at stage five. According to Kohlberg's (1976) theory, it demonstrates that these Chinese managers rely on what is accepted as the 'right thing' to do in the social system to which they belong. They have the mentality of 'everyone does it', hence, it is not wrong for them to do the same. The rules they apply are defined by the societies to which they belong.

On the other hand, for some British respondents, what is the 'right thing to do' is based on the rational calculation of overall utility as to 'the greatest good for the greatest number'. Other British managers may apply universal principles, such as, justice, equality of human rights and respect for the dignity of human beings as individual persons when they judge what is right or wrong. The differences in respondents' moral judgement (moral development stages) between Western English speaking countries and East Asian countries with Chinese culture and Confucian teaching influences have been illustrated in many empirical studies (see, for example, Ford et al., 1997; Tsui and Windsor, 2001; Thorne and Saunders, 2002; Husted and Allen, 2008). Largely agreed by these scholars, the differences found are related to the ethical and cultural differences across such countries. The influences of Chinese traditional culture and Confucian ethics on the Chinese managers' moral reasoning is clearly demonstrated in this study.

We know from the literature discussed in chapter three that Chinese managers appear to find it hard to separate themselves from their social groups because they live in a mainly collective society. They are more likely to accept the rules and norms of the social groups to which they belong and are influenced by these. Therefore, the

majority of Chinese managers fall into the conventional level of Kohlberg's hierarchy of moral development. By contrast, the British managers were at generally a higher CMD stage than their Chinese counterparts. The British managers appear to judge by principle rather than convention with their decisions coming more from a legalistic view and for their work obligations. In general, Chinese managers appear to be at lower stages of moral development than British, American and Australian managers which is supported by the findings from many empirical studies, such as, Ford et al. (1997), Tsui and Windsor (2001) and Chow and Ding (2002). However, as Chinese managers perceive social conventional moral values as the highest level of morality, we must caution not to simply conclude that Chinese managers are less moral than their British counterparts (by using Kohlberg's theory of CMD stages to compare them). This is because they are influenced by different ways of ethical teaching and cultural traditions, as raised by scholars, such as, Ma (1988), Ford et al. (1997), Wimalasiri (2004) and Jeffrey et al. (2004). Nevertheless, by applying Kohlberg's theory, a clear insight is gained on the possible differences and similarities between Chinese and British managers' moral judgement.

We also find from the PVS that Chinese managers are more likely to give priority to promote loyalty to their in-groups, and to maintain the conservation of order and harmony in their relationships with others when making decisions. The British managers were more likely to be motivated to act in a way which would satisfy the majority of people's needs rather than the minority. They also appear to be motivated to satisfy their own self-interests. These findings once again tell us the impact of ethical and cultural differences on what respondents consider to be the most important issues to them when they make moral decisions. Differences in personal moral priority and moral judgement were illustrated particularly by the Chinese and British responses to the five business scenarios of 'International bribery', 'Whistle-blowing', 'Nepotism', 'Protecting a dishonest employee' and 'Bribery involving a third party'.

Reasons for explaining the significant differences in Chinese and British managers' moral behaviours in these particular five scenarios could be that the moral issues presented in these scenarios can be connected to Confucian ethics, traditional Chinese culture and business practices. Researchers, such as, Chan et al. (2000) and Waldmann (2000), have already pointed out the influence and dominance of

Confucian ethics in the shaping of a distinctive Chinese business culture and practice. These findings demonstrate that moral issues themselves are the root cause of what really matters in terms of triggering managers' moral sensitivity as the starting point of the moral behaviour process. Jones (1991) argued this in his article, 'Ethical Decision Making by Individuals in Organizations: An Issue-Contingent Model'. Ethical decisions of both manager groups may differ in some dilemmas and be similar in others depending on the moral issues faced. If the moral issues are related to one's particular culture and tradition, the decisions are more likely to be different.

Ying (2002) emphasised that Confucianism consists of values for correct behaviour to keep harmonious interactions amongst people. Generally, Chinese will avoid any decisions that are too extreme, and normally choose a 'middle ground' solution. The Chinese state was fundamentally based on a model of the family, and the relationships between people have been seen as very important (Hofstede and Bond, 1988). This is clearly evidenced in the scenario about 'Protecting a dishonest employee', where the majority of Chinese managers refuse to dismiss the dishonest employee in order to retain a harmonious relationship. Such behaviour is also reflected in the 'Whistle-blowing' scenario, where a large number of Chinese managers choose not to do anything against their company. Such research findings are supported by McDonald and Pak (1997), in which managers from Hong Kong were more likely not to whistle-blow and more likely to protect dishonest employees than Western managers. This has been backed up by studies from Keenan (2007) and Hwang, Staley, Chen and Lan (2008). The majority of British managers in this study agreed to dismiss the dishonest employee and whistle-blow. The evidence shows that law and individual moral standards are the key factors which influence British managers' moral behaviour. British ethical and cultural tradition emphasises an individualistic approach, which is in contrast to the Chinese collective approach.

In the case of 'whistle-blowing', the Chinese managers tried to avoid conflict between themselves and their companies because it appears problematic for them. This finding is supported by other empirical research findings, such as, Dolecheck and Dolecheck (1987) who found that Hong Kong respondents are highly likely not to blow the whistle to an external authority when they know their company's products are unsafe. In addition, Hofstede and Bond's (1988) explanation about the Confucian influence

on Asian culture suggests that the high power distance of the Chinese also indicates that Chinese subordinates are less likely to confront their superiors. They would be less likely to express their opinions to an external authority even if they do not agree with their senior management. In addition, Confucianism focuses on loyalty to the in-group, indicating that Chinese subordinates are expected to return loyalty to their company, and not against it (according to Hofstede, 1980). Conversely, British managers are more concerned with what is right or wrong both legally and personally, and therefore make decisions that are more rational rather than consider maintaining human relationships.

The Chinese focus on interpersonal relationships. The use of *guanxi* (human relationships and interpersonal connection) is reflected in scenario four – ‘Nepotism’, where a large number of Chinese managers agree to give a vacancy to the relative of a close colleague. This finding is supported by studies, such as, Sue-Chan and Dasborough (2006) where the authors reported a clear connection between *guanxi* and Chinese managers’ recruitment decisions; Au and Wong’s (2000) study, in which, the two authors found a positive relationship between *guanxi* and a Chinese auditor’s ethical judgement; and Wright et al.’s (2002) study where the authors found that *guanxi* has significant influence on Chinese respondents’ ethical behaviour. Building a *guanxi* web and using the convenience of the *guanxi* with the objective of self-gain is commonly practiced not only in business, but also in many other social activities in China (Millington et al., 2005; Zhang and Zhang 2006; Su et al., 2007; Leung et al., 2008). Scholars have argued that *guanxi* has been practiced in recruitment and promotion in organisations in China (Bjorkman et al., 2008). It appears that Chinese managers may be more likely to offer a job to their relatives or friends. By contrast, Western managers would make sure the qualifications of the relatives are good enough for the job and make sure it is not biased because of the relationship (Seligman, 1999; Sue-Chan and Dasborough, 2006). Using *guanxi* to bypass rules and policies has been seen as unethical by Western managers (Chen and Godkin, 2001; Chan et al., 2003; Vanhonacker, 2004; Von Weltzien Hoivik, 2007). In this study, significant numbers of British managers disagreed to provide the job. Individual rights, fairness and justice, and equal opportunities have been emphasised in the social system in Britain. In general, British individuals are encouraged to be independent

whereas Chinese individuals rely on using the power of their relationships to achieve objectives.

Researchers, such as, Waldmann (2000) and Jackson et al. (2000) also state that Chinese people who are asked to give a favour, sometimes find it difficult to refuse because of the influence of Confucian ethics on maintaining good human relationships and the culture of 'giving face'. In Chinese business, as reported by several researchers, such as, Zhang and Zhang (2006) and Zhu and Zhang (2007), favours are often given by someone who has power and authority for the purpose of 'smoothing the way' for business development. As an exchange for the favours, large-scale gift-giving is commonplace in China (Wang, Razzaque and Kau, 2007). Therefore, this kind of business culture and practice often leads to bribery and corruption as reiterated by many scholars, such as, Steidlmeier (1999), Dunfee and Warren (2001) and Tan and Snell (2002). In this study, scenarios one - 'International bribery' and ten - 'Bribery involving a third party' reflect this business practice in China - either pay someone to 'smooth the way' for entering a new market, or appoint an agent to give a gift or money for local market development; the majority of Chinese managers agreed with these actions. By contrast, the evidence from this study shows significant numbers of British managers disagreed to give bribes. It was reported in previous studies that Westerners often find it difficult to distinguish between bribery and gift giving in China (Millington et al., 2005; Leung et al., 2008). British MNCs have their own companies' policies on how much is acceptable for spending on gifts to business clients. However, it was evidenced that British and other Western companies operating in China experienced significant problems with the amount of 'gift-giving' in China, which is associated with illegitimate payments, corruption and the pursuit of self-interest (Millington et al. 2005; Von Weltzien Hoivik, 2007).

An interesting finding from the business scenarios presented in this thesis showed that the Chinese and British managers' moral behaviours are similar to each other in terms of market ethics used in judging what is the correct thing to do in business situations. Significant evidence from this study suggests that the majority of Chinese and British managers' were motivated by maximising the interests of their company in terms of company's profit, market and reputation even when they disagree to engage in

unethical actions. However, these results suggest that Chinese and British managers behave differently in situations when they are confronted with culturally sensitive moral issues. They behave similarly when they need to consider what is best for their company's benefit. These results immediately suggest the notion that managers are 'game players' as mentioned by Carr (1968). It also questions the relationship between business, ethics and managers' moral position, which has been debated by many scholars (see, for example, Friedman, 1970; Carroll, 1987; De George, 1999, Boatright, 2000; Fisher and Lovell, 2003). In the world of business, the evidence of managers as being 'game players' was found in both Chinese and British cases. Both groups used profit-related rationales as reasons for their judgement. It demonstrates to us that a cost-benefit method is utilised by managers when judging what is the right thing to do in moral dilemmas.

There is an implication of utilitarian ethics in business situations. A relativist's view of 'when in Rome, do as the Romans do' is also reflected in some of the Chinese and British managers' moral reasoning and motivation. Both Chinese and British managers admit that they were motivated by business survival. Evidence from managers' answers to the open-ended questions in the ten business scenarios indicates that business competition and pressure for profits and success could increase unethical behaviour. 'Common practice' appears to be another factor which influences managers' moral judgement and motivation when making decisions in business situations.

I found that the British managers in general pay more attention to the law and their companies' ethical standards when making their decisions. This result immediately links into the recent increased trend in CSR and the influence of the media, which has impacted upon British managers' awareness about moral issues in business. It is possible that British managers appear to be less involved in unethical actions because they are more likely to be concerned about any possible negative consequences in terms of legal impact and reputation damage. They also showed increased awareness of the benefit of being ethical than did the Chinese managers.

The impact of Chinese economic reform and Western style consumerism upon the change of Chinese managers' moral judgement and motivation is suggested and

evidenced in the findings from the business scenarios. Studies, such as, Zhou (2001), Hanafin, (2002), Redfern and Crawford (2004), Piron (2006), and others mentioned in chapter three (see, for example, pages 65-69), focused on the rapid social, cultural and moral changes in Chinese societies in recent years with increasing materialism and money-oriented mentality driven by market ethics in China's modernised market style economy. More importantly, these studies emphasised the connection between these socio-cultural and moral changes with the unique business environment formed in modern China.

Overall, the findings from the questionnaires have shown a clear picture in terms of the differences and similarities between the Chinese and British respondents' moral behaviour. In a social personal setting, Chinese and British managers appear to have different ways of reasoning whether an action is morally right or wrong; they appear to be motivated by different kinds of personal value priorities. It is believed that these differences are very much influenced by Chinese and British ethical and cultural traditions that were discussed in chapter three. These differences in individuals' moral judgement and motivation were found in business settings when both countries' respondents were making decisions in the business scenarios. Ethical and cultural traditions played a role in respondents' moral behaviour in making business decisions, especially in situations where they are confronted with culturally sensitive moral issues, such as, the importance of human relationships and giving of gifts. Other influences were also found. Respondents from both China and Britain were affected by their roles as managers and their managerial responsibility to maximise their companies' economic interests; such influences were discussed in detail in chapter two (see, for example, pages 37-44).

The Results of Semi-Structured Interviews

The interviews with managers based in China and Britain present managerial ethical decision-making as a complex blend of interaction between managers themselves, their British companies, businesses pressures and the external social, cultural and economic environments.

Indications from this study suggest that it might be too simplistic to conclude if managers are ethical or unethical based upon the evidence gathered from their decisions when confronted with moral issues. How managers make decisions in business-related moral dilemmas is more managerial and commercial and influenced by socio-cultural factors rather than simply being the result of a single person's decision. This was also evidenced in the findings from the questionnaire surveys. Therefore, we see that managers experience difficult decisions, sharp feelings, complex emotions, conflicts and frustrations in both China and Britain when they try to figure out the best solution to the moral dilemmas occurring in business environments. There is, however, some evidence of decisions made by managers motivated by egoistic reasons for self-gain, such as, bonuses and job security. At the centre of this was reconciled acceptance from some managers in both China and Britain that what they were experiencing was beyond their control, and largely not of their making. They were operating under severe financial and target-driven constraints, and their behaviour was not solely their fault but was a product of circumstances. These findings remind us of the symptoms mentioned in Goodpaster's (2007) book referring to 'the occupational hazard of business life'. Managers are often under business pressure to achieve goals and targets, and therefore have to make decisions for the good of the business as they feel responsible for their company and shareholders. In order to do so, they have to separate themselves from their role as managers, and separate their personal ethical standards from the common practices and the norms used in business. Besides being named as 'game players', and being 'amoral' or 'immoral' managers by well-know scholars, such as, Carr (1968, 1970) and Carroll (1987), the findings of this study show that behind all kinds of unethical decisions, managers compromise themselves a great deal morally and emotionally when they deal with business moral dilemmas.

Managers face many kinds of morally sensitive issues and are therefore confronted by different moral dilemmas. The evidence in this thesis points to the majority of managers who were based in China reporting moral dilemmas caused by the culture of human relationship building, expensive gift giving and commission giving. Local Chinese managers, Doreen, Adam and Maria, expressed that Chinese social morality had slipped into a culture where money had become the predominant factor. This had brought with it the unavoidable and usual culture of *guanxi* in the giving of expensive

gifts or commissions at different levels of business dealings. Interviewees, Adam and Matt, suggested that there was a feeling that they had to survive in the ‘grey area’ where there were no clear guidelines regarding of what is right or wrong. These findings point to some of the issues raised in chapter three surrounding the impact of a market economy on the change of values, morality and culture in modern Chinese societies in the last two decades. It seems that there now exists a complex business environment where Chinese managers themselves find it difficult to make ‘correct’ decisions, especially when the Western code of conduct meets Eastern Chinese business culture.

Moral issues such as those illustrated by managers in this study are commonly known in China. Managers, such as, Jason, Matt and Maria found it difficult to escape from such ethical challenges when dealing with government officials who are useful to their companies. As Matt stated, *“In reality, it is impossible for this person [the government official] not to get any benefit.”* The evidence from these interviews suggests that traditional Chinese culture and Confucian ethical teaching has been jeopardised by individuals who seek their own immediate interests. In business, human relationships are used as a convenience which can be bought or sold through any format for the giving of or receiving of gifts or commissions; such behaviour is described by Chinese interviewee, Simon, as ‘relationship sale’ with a cost-benefit rationale. These findings present us with a clear picture of the real business environment in China as understood by the interviewees and supported by the relevant literature.

Certainly, the evidence from this study is that the managers who are sensitive to such moral issues and have been confronted with moral dilemmas are not completely ignorant and immoral. A crucial part of this research allowed the managers to discuss the moral issues they face at work, their judgement on what they think is right or wrong, and why they make their final decisions. To give a true, correct and fair verdict to the managers who work in a complex, challenging, ethically problematic and corrupt business environment, we should take into consideration how they arrive at their decisions, because, if we judge whether they are ethical or unethical only base on their decision, then they could all be judged as unethical.

Managers in Britain also have problems, as their British companies have been fighting in global competition through different kinds of strategies. They have found themselves facing moral issues, hence moral dilemmas as a consequence. The most frequently mentioned moral issue and dilemma faced by managers in Britain was 'redundancy' as a consequence of out-sourcing and economic downturn. 'Redundancy', 'job cuts', 'off-shoring' and 'out-sourcing' are perhaps some of the most common challenges facing companies in Britain under global business competition. The underlying purpose behind redundancy was usually for the company to retain its economic position through the tough times of business competition (Worrall, Campbell and Cooper, 2000; Ali Shah, 2007). Although the impact of such business activities on British managers' loyalty, motivation and morale have been investigated in studies, such as, Worrall et al. (2000) and Worrall and Cooper (2004), exactly how managers deal with the possible moral dilemmas which could emerge during a real redundancy program has been rarely investigated. Concerns from British managers' interviews focused on business operations and pointed to some of the discussions presented in chapter two regarding the ethical challenges confronted by corporations and their managers as to balancing between business economic gain and ethical responsibility. This is corroborated by studies, such as, Pretious and Love (2006) and Smith-Hillman (2007).

The moral issues faced by managers in China are mainly focused on local business practices in the 'grey area', the culture of gift and commission giving, social moral shifts as a consequence of recent economic boom and the fast growing capitalist market as mentioned above. Unless the ways in which people behave in Chinese society changes, there seems little managers can do about it. In comparison, the moral issues faced by managers in Britain are focused on business pressure and company survival as a reaction to global competition.

For Chinese managers, their major moral dilemmas occurred when they tried to balance what is accepted as the social norm and common practice in China with their companies' ethical standards and target for growth. Their environment, social conventional ways of doing business, trying to incorporate British corporate standards and managerial pressure for achieving targets all created moral dilemmas to the majority of the local Chinese managers interviewed. These findings are supported by

studies, such as, Chen and Godkin (2001), Selmer (2004) and Von Weltzien Hoivik (2007), in which the authors raise the importance of mutual understanding between each other's cultures. It has been suggested in these studies that standardisation of Western ways of operating business in China is not functional or practical. For managers based in Britain, they were confronted by dilemmas which tore them between their companies' survival in the competitive market and their own ethical beliefs as well as external business reality and competition. The changes which corporations face and adapt to in the globalised business environment are inevitable and constant (McPhail, 2001; González, 2003; Ali Shah, 2007). This was particularly reflected in the moral dilemmas involved with 'redundancy' and 'bribery in foreign countries'.

Of course, there is also a sense of personal moral value for managers versus their role requiring them to protect company benefits. British interviewee, John, related his thought processes when he was confronted with a moral dilemma over a redundancy programme. He stated, *"It was for the company. It's not something I did by choice. It's something I have to do from managerial responsibility. I have to be able to separate my professional and private life. I was in a work mode bound by my work contract, so I had to treat people as employees, not friends."* Ross has a similar situation and described that he was put in a 'professional versus personal situation'. These findings point to issues raised by both ethicists and management scholars, such as, Donaldson (1996), De George (1999), Treviño and Brown (2004) and Goodpaster (2007) (see, chapter two), regarding the possible ethical challenges managers face when confronted by different ethical standards, culture and ways of operating business in the workplace; and, moreover, when they are under business pressure. It is demonstrated, at least, in this study that such ethical challenges (presented in the relevant literature and illustrated by the respondents in this study) are the main ingredients of moral dilemmas which have been confronted by managers.

Making moral decisions in business situations is never easy (Shacklock, 2006; and Coughlan and Connolly, 2008). How managers resolve moral dilemmas appears complex, and it is actual moral behavioural process in making decisions which is the key for understanding how managers make decisions. It is clear that managers are

aware of the parties involved and the consequences of how their decisions affect these third parties, themselves and their companies.

The evidence in this study illustrates that Chinese and British managers use a consequential ethical approach to help and guide them to reason the best procedure to adopt. For the managers based in China, it is a matter of cost-benefit, in terms of how much is spent on building human relationships with influential people and the benefits gained to succeed in business development. The British managers tended to judge by weighing the benefits of the majority rather than the minority. Their moral judgement was shown very clearly in the moral dilemma of redundancy. A cost-benefit approach appears to be the guideline adopted by both Chinese and British managers in this study and seems logical to many respondents. Ethical egoism appeared in the issues of business operation in situations where managers are under business pressure of achieving targets. As Amy stated, *“It’s a matter of using a business head and a personal head. I am under a lot of pressure to meet targets which is obviously great enough to make me compromise things.”* This suggests that managers use the rules played in business to judge what is right and reasonable under business pressure. It appears clear that they need to play dual roles with different moral standards in their personal and professional lives which have been debated by many scholars as previously discussed in chapter two.

We can see a clear sense of conflict between what managers believe is right and what is right for the business. This appears to be the main reason why managers feel that they face moral dilemmas. As Chinese culture and Confucian ethics teach Chinese people to obey the rules of the society and in-groups, it is difficult for them not to use social conventional moral judgement. This is especially reflected in Maria’s interview where she stated, *“I can’t accept these people’s [from the Chinese company] behaviour. I think they shouldn’t use the opportunity for self-gain. But I am a member of the company, so I have to listen to what my company desires and I agreed (sic. stood by) with the company’s decision.”* In both these cases, the managers expressed their own personal judgement on the issues they dealt with.

By and large, we see evidence of social influence on the Chinese way of thinking. There seems no way out of this situation unless society changes and morality in the

social system changes. It again indicates that there are no short-term solutions to 'common' Chinese business practices, and the question of whether British corporate standards can change the ways of business operation in China is clearly demonstrated in the findings in chapter eight and studies, such as, Chen and Godkin (2001). Even the local Chinese managers think that certain behaviour is wrong because of people abusing the system. This rather ironically tells us that the local Chinese managers are not all morally blind as they may have been perceived to be.

Interestingly, despite the differences found in the fundamental causes of ethical dilemmas between managers based in China and Britain, the motivation behind the managers' actions (for example, either to make an employee redundant or to give commissions), were largely the same, that is, for their companies' benefits of market growth, survival and reputation. With all the local Chinese managers interviewed, the decisions made by them (whether it is claiming excessive business costs or nepotism) were for helping their companies' business development in China. They are driven by business rationality through the moral reasoning of cost-and-benefit. In other cases, there are pure self-interest motives for achieving business targets, as can be seen in Sam's and Ken's case of business reporting (see, pages 183-185, in chapter eight).

Cynicism was expressed by managers in both countries when questioning whether ethical standards, behaviour and motivation actually exist in business decisions in real business situations, for example, when it is difficult for business contracts to be issued except by the giving of expensive gifts or other ways of giving commissions. Evidence tell us that managers have to make rational business decisions on behalf of their companies by not deliberately breaking the rules but use other ways of paying commissions, for example, the use of agents. In the harsh business reality of attempting to expand the market in the host country, there are several cases where managers in China admit that their parent companies have very little control over activities, such as, those mentioned above. Evidence was found in Jason's and Matt's claims for business expenses for expensive meals with government officials and in Ken's and Sam's cases in business reporting. There are cases when British expatriate managers are basically forced to agree to follow local ways of operating business. These findings again demonstrate the influence of business pressure and economic rationale on manager's decisions in moral dilemmas, which questions whether

decisions can be made in business reality without any moral compromises as argued by scholars, such as, Werhane and Freeman (1999) and Boatright (2000). This finding challenges the practicality of British corporate standards, and raises the alarm of how British corporate ethical standards are implemented in a host country and how the processes are monitored.

Evidence is also clear of the Chinese managers' frustration over misunderstandings between them and their British counterparts. Ethical and cultural differences made the situation even more difficult for not only local Chinese managers, but also British expatriates. The risks of being brainwashed and being expected to behave in the same way as the locals were expressed by British expatriates. The influences of ethical and cultural differences on Chinese and British managers' moral awareness and judgement are evidenced strongly here. This finding is supported by many studies, such as, Tsui and Windsor (2001), Thorne and Saunders (2002) and Vitell et al. (2003), as presented in chapter four.

The evidence given by local Chinese managers suggests that British managers' moral behaviour changes over time. These people survived in the local environment by adapting themselves into the local way of operating. For some, they have dared to ask or find out the reality of what is happening in local practice, and some, have learned to 'shut their ears' and turn a 'blind eye'. This finding is supported by studies, such as, Lee (1981), Deng (1992) and Spicer et al. (2004), where changes were found in expatriate managers' moral behaviour after they had been working in a local host country business environment for a period of time. It is these expatriates who hold strongly fixed personal ethical standards that experience moral uncomfortableness and struggle. Cross-cultural managerial moral decision-making is more complex than just a matter of which nations are more ethical than others by comparing differences between them as in most of the studies presented in chapter three, or instructing managers which standards to follow as many ethics philosophers presented in chapter two. The findings from this study suggest that the real-life experience can be harsh and problematic because we see both locals and expatriates surrender to the local way of operating business. The evidence demonstrates that relativism wins as the power of business rationality takes over when managers make decisions in business related moral dilemmas.

Making Sense of These Results

From the information gathered from the questionnaires and semi-structured interviews, the evidence shows shared similarities between the Chinese and British in that managerial decision-making is complex, challenging and problematic. The evidence illustrates that managers in China and Britain have to make decisions to satisfy their company's benefit regardless of their own viewpoint, or whether the decision is against corporate ethical standards. British and Chinese managers share the same responsibilities as managers to fulfil the needs of their companies and make their decisions for the same purposes even if they are from different ethical and cultural backgrounds. The findings here give a brief glimpse as to the practice of relativism, absolutism and pluralism in business. The answer gathered from this study appears to be that managers have to follow whatever practice benefits their company.

The evidence from this thesis portrays various business environments in China and Britain under the influence of economic globalisation. Ethical and cultural factors were clearly indicated in the types of moral issues and dilemmas that the two groups of managers faced. Chinese morality and culture focuses more at a social level, with the central cause of moral issues and dilemmas appearing to be derived from social problems and from what is expected in Chinese society in general. It is clearly indicated by the interviewees that if social morality does not change for the better, then there is no way out. On the other hand, the central cause of moral issues and dilemmas which British managers face appears to be derived from a more individual, managerial and corporate level.

The changing business environments in China and Britain leads to various ethical issues being confronted by managers which requires further understanding. The evidence shows that managers in China and Britain are sensitive to, and aware of, emerging moral issues as described in their interviews. The evidence also shows that managers from both China and Britain are not ignorant and openly talk about moral issues that they are aware of. This thesis has shown that the reason which determines their final decisions is their motivation behind their final decision, not their moral sensitivity.

Chinese and British managers were found to have significant differences in their moral reasoning and personal motivational values in the social setting which was investigated by using the DIT and the PVS. This was supported by previous research findings which used the same research instruments. However, it is important to remember, that after all, the moral dilemmas in the DIT and instruments, such as, the PVS, are set in social settings. How managers deal with moral dilemmas emerging in real business environments (even in the business scenarios) could be different.

The evidence from this research shows similarities between Chinese and British managers' moral motivation lying behind their actions. As these individuals transform themselves into business mode, their managerial responsibility reminds them that they need to make the 'right' decisions for business. Although the majority of managers had clear moral judgements, they had to consider if the outcome would be right for their company. Some indicate that there are no clear guidelines on what is right and some simply follow cost-and-benefit rationale. Thus, although managers in China and Britain are faced with different moral dilemmas, their managerial experiences in solving their moral dilemmas are similar. They all seem able to identify the moral problems. Both Chinese and British managers had to struggle for a balance between their personal ethical beliefs, their companies ethical standards and certain social norms and common practices. Consequently, the ethical approach with cost-and-benefit rationale appears to be popular in managerial moral judgement and ultimately their decisions were made by giving the priority towards their companies' economic benefits. As a consequence of their managerial decisions, some of them have paid a price by suffering the aftermath of moral bankruptcy, with some learning to deal with moral dilemmas by being 'tough', which leaves the majority of managers with an uneasy experience and unforgettable past.

This study has illustrated that although managers are responsible for whatever decisions they make in business, actually they have very minimal voice in a busy and loud business environment. They have little authority to argue about their decisions in moral dilemmas. Ultimately, they are organisational agents paid to do a job and are expected to fulfil the responsibility of their managerial role. They have to interact with other managers, their company and the business environment and try to make

sense of it all. Behind many of the decisions, managers at least try to retain a clear conscience. Behind many apparently unethical decisions, we still see moral human beings under a different light.

Through the analysis of individual managers' moral behaviour, this thesis illustrates how managers make decisions in moral dilemmas. The constant change in the business world with aggressive competition and economic instability makes it difficult for managers to retain a sense of their own self in maintaining moral standards and personal values. I see them as the victims of a business reality, largely outside of their control.

The implication of this study and its impact on further research

This section of the chapter is organised into two components: implications for researchers, and implication for MNCs and the managers who work for them.

Implication for Researchers

We know from the previous studies outlined in chapter three and the findings from this research that individuals from various ethical and cultural backgrounds make different decisions, especially on culturally sensitive ethical scenarios. For example, in the scenarios in this thesis, Chinese individuals are more likely to agree with gift giving or nepotism compared to individuals from countries with quite different ethical and cultural backgrounds. Nevertheless, future empirical studies should try to explore cross-cultural ethical behaviour from a different perspective other than a positivist research strategy and methods of testing. It has been shown from this thesis that rich data can be gathered in comparative research regarding managerial moral behaviour by investigating how managers in different countries make decisions when confronted with real business moral dilemmas. This also gives a chance for respondents to express their feelings, thoughts and emotions which they experience while dealing with such moral dilemmas. As this research used managers as respondents, it may be useful for other studies to investigate possible ethical challenges faced by other professionals or individuals from different countries and how they deal with moral dilemmas, which might reveal different kinds of moral issues.

The research showed that expatriate managers face challenges trying to follow British corporate standards in China. It has been debated whether MNCs should follow the theories of relativism, absolutism or pluralism. In future, there should be further studies that could investigate which of these theories managers actually adopt in host countries. Spicer et al. (2004) indicated changes in behaviour of expatriate managers who have been in host countries for significant periods of time. These findings are supported by the evidence in this thesis. This area could be a field of interest for researchers who would like to investigate the moral behaviour of culturally situated respondents, as there are increasing numbers of Chinese MNCs who have set up business operations in the UK. Such research could also be conducted to explore how Chinese expatriate managers deal with moral dilemmas they may face in Britain.

As socio-cultural and economic environments will change in both China and Britain, individuals might behave differently in the future to the same moral dilemmas they were involved in previously. The studies conducted by Lee (1981) and McDonald and Pak (1997) which used the same research instruments proved that managers from the same category have made different moral decisions after a lapse of 16 years. As China's economy is changing, its society is changing too and so are the values and morality of individuals. We might expect people to behave differently in 10 or 20 years time when the social moral problems will hopefully have improved.

This thesis has not explicitly explored the gender, age and educational influences on individuals' moral behaviour. The low number of female respondents in this research did not allow the researcher to explore any gender influence. The evidence suggests that the female interviewees actually behave similarly to the male interviewees regarding motivation behind their actions and how they reasoned out and justified their actions. Does this mean that, although females are often seen as playing a more caring role than males, female managers have to be tough and masculine in order to make harsh decisions in the business environment and climb up the managerial ladder? Researchers who are already interested in gender influence on moral behaviour might want to explore if gender differences play a part in managerial ethical decision-making.

Further research could investigate the effects of business pressure and managerial responsibility upon individual managers regarding the moral compromises they make. The evidence from the interviews of this research shows that managers experienced strong feelings in reconciling their own personal moral standards. It therefore makes sense for business management researchers and even social psychologists to explore issues, such as, stress, anxiety, disorientation, frustration, anger and split moral personality, in relation to reconciliation of an individual's own personal ethics and values in the workplace.

This thesis has demonstrated that frustration has been expressed by interviewees due to differences in the way that businesses are operated in two countries and the lack of support and understanding from each side. Further exploration of how ethical and cultural differences affect individuals should take place. Researchers can no longer simply focus on the cultural differences by using Hofstede's theories without exploring the interaction between the individuals from different countries and how these differences have impact on their moral behaviour.

The majority of interviewees were aware of the different parties involved in their moral dilemmas and knew that the issues involved conflicted with their personal ethical standards. It seems that priority towards their company eventually led them to make decisions against their own moral reasoning and sensitivity. Moral motivation appears to be the essential part of the moral behaviour process which explains moral action. Further research might explore why ethical or unethical decisions are made by individuals. Whichever stage of the moral behaviour process the researchers would like to focus on, they must explore an individual's moral behaviour through a whole process of the individual's awareness, thoughts, reasoning, motivation and decisions. Utilising only one component of the moral behaviour process provides us with an incomplete picture. Other research strategies and methods might be applied by researchers if the issue of access is made less difficult. It is genuinely believed that this study has made a positive contribution to the understanding of managerial moral behaviour in a cross-cultural context.

Implications for MNCs and Managers

Managerial ethical decision-making is often complicated and businesses have to realise that their managers might experience significant difficulties and challenges regarding making the 'right' decision when confronting business moral dilemmas in work. The interviews conducted in this research highlighted that managers are often alone in dealing with moral dilemmas. Strong evidence suggests business pressure for economic success has taken its toll on managers.

Managers have to compromise their own personal standards and have often suffered as a consequence. The effects on individual managers are far reaching and may remain with them indefinitely. In addition, the implication of the dominant positivist paradigm in much of the research on moral behaviour may provide a partial and highly selective view of moral behaviour. Perhaps, it is time for managerial moral behaviour to be viewed as a complex subject that cannot be explained by using singular components of the moral behaviour process which underpins a decision. Hence, academics will not be able to provide simple and easy solutions. The answer may lie directly with the business organisations. However, in recognising that as the existence of business is primarily for its goal of gaining profits, it might be difficult for businesses to change their behaviour. Nevertheless, improvements could be made regarding further research on managers who have experienced moral dilemmas – this will provide a better understanding of the realities of managerial ethical decision-making.

According to the results from this study, although many companies have ethical standards in their organisation, they must make sure that the ethical standards and programmes are implemented at every level of the organisation and not just treated as another piece of paper work. Evidence in this thesis shows that business ethical standards and policies only go so far and appear to have little guidance for those who experience moral dilemmas. Creation of better ethical cultures, values and climates might benefit business organisations which may ultimately influence individual managers' moral behaviour. However, companies must take caution here by not just simply following the fashion of being an 'ethical business'. It is more important that

companies practice what they preach; otherwise, cynicism ensues among managers and amoral behaviour results when dealing with moral dilemmas in the workplace.

Within a cross-cultural context, it is beneficial for organisations operating in China to recognise and understand the driving influences being brought to bear on British expatriate and local Chinese managers facing moral dilemmas. This research should help British corporations to have a clearer and deeper understanding of its British expatriate and local Chinese managers' moral behaviour within a different cultural and social economic environment. Companies can improve strategies for business ethics in China by attempting to improve relationships between expatriate and local managers to aid the effective management and application of MNCs' moral initiatives. The interview findings suggest that improvement on monitoring business activities in the host countries might reduce ethically problematic issues. Training programmes should be provided to expatriate and local managers not only on cultural differences, but also on ethical, social and economic differences between the two countries to help managers understand each other.

Conclusions

As this research journey has come to the end, conclusions can be drawn from the findings and the researcher's personal experience in producing this thesis. It has been clearly demonstrated in this final chapter that the findings have contributed to the body of knowledge for studying managerial moral behaviour in a cross-cultural context.

While the three broad aims of this thesis have been achieved, this research has shown us how the Chinese and British managers constructed their reality of managerial ethical decision-making through their own interpretation and understanding of the social environments that is associated with their work roles. The evidence gathered points to the complications of the moral behaviour of managers which underpins their decisions. Furthermore, managerial ethical decision-making is not just personal, but is dependent on the companies' requirements under the impact of social, cultural and economic environments.

Managers are not just the witnesses and contributors of any unethical business decisions, they are also victims when they are forced into making decisions with a guilt and silent conscience in business moral dilemmas. The reality interpreted by the managers shows that business rationale and economic values dominate managers' decisions regardless of their own conscience or their nationality - the conscience which is quite easily lost in the harsh and tough business reality.

The UK-based managers will be continually challenged by moral dilemmas as the inevitable result of a competitive business environment. It is hoped that professional help could be offered by companies to managers who have difficulty in making decisions in business moral dilemmas. In addition, more research needs to be conducted to enable managers to break the silence of their personal conscience. China-based managers will still be confronted with ethical challenges caused by economic, moral and cultural shifts in Chinese society. It is hoped that the social morality of Chinese individuals will be slowly uplifted for the better. A mutual understanding on the differences between how businesses are operated in China and Britain is needed for those Chinese and British managers who work together in China.

Research on moral behaviour is a diverse research field, but there continues to be an oversimplified representation of simply respondents' decisions given to moral dilemmas or just a single component of the moral behavioural process. Whilst this thesis has extended boundaries, there is still much work to be carried out in this research field. While there are always shortcomings in any methodology employed by any researcher, this thesis has, at least, advanced the understanding of the complexities of managerial moral behaviour when making decisions in moral dilemmas. I uphold that this research has been strong enough to ensure validity and reliability through the approach that was taken, and supported by a selection of qualitative and quantitative techniques.

Although this research has been carried out at a fundamental level, it is hoped that this will be just a start to further research, enabling people working in cross-cultural situations to gain valuable understanding of each other and add to their knowledge in conflicting situations. The world is now a very small place indeed, the more knowledge of each other which we have can only be an improvement in a rapidly

globalised world, leading to better relationships between us all. These managers working in such situations need to have their voices heard – they work under ever increasing levels of stress and have very difficult decisions to make. Managers' personal moral compromisation should not be the way forward and further study should take place in the footsteps of this research to ensure that managerial moral behaviour in decision-making is more understood by both practitioners and academics.

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Appendix 1

Covering letter and executive summary inviting companies and managers to participate

<Date>

<Title> <Name>,
<Company Name>,
<Address line 1>,
<Address line 2>,
<Town/City>,
<Postcode>

Dear Sir / Madam,

I am currently undertaking full-time Ph.D. research under the supervision of Prof. Duncan Lewis's research team at the University of Glamorgan's Business School. My research is ground-breaking because it aims to explain moral behaviours in decision-making between British and Chinese managers.

A manager's moral behaviour in decision-making is largely under-researched in both national and international context. The growth of Chinese markets is an important research area that requires better understanding by British companies. This study therefore aims to explore the moral behaviour of local and expatriate British and Chinese managers by investigating how an individual's moral behaviour is affected by different cultures and ethical principles, and also by investigating the influence of competing values on an individual's moral behaviour. This study focuses on the development of an individual's morality to explain the moral development process. (Please refer to the enclosed Executive Summary).

I have identified several organisations that meet the strict criteria for undertaking research of this kind. Your organisation is a perfect example of the type of company that could benefit by being part of this research programme.

In order to achieve the objectives of the above research, your participation and advice would be greatly appreciated. I would be most grateful if any of your managers could kindly spare a maximum 45 minutes to complete a questionnaire. If any one kindly agreed to complete the questionnaire, could you please email me to the following email address (jjzhang1@glam.ac.uk)? The questionnaire will be sent to you via email attachment shortly after receiving.

If you would like to have a meeting, I would be extremely happy to have the opportunity of discussing with you then my conceptual framework and I will be most happy to provide you with a copy of the summary of my research at this stage.

This research is in compliance with research ethical guidelines under 'Ethical Issues in Teaching and Research'. Any information provided will be treated in the strictest confidence. Anonymity will be preserved at all times and nothing will be published that could identify either individuals or companies in any way.

By taking part in this research your organisation will be making a significant contribution to this valuable project. You will also be provided with a copy of the major findings free of charge. There will be no financial cost to your organisation for taking part in this research.

Please accept my gratitude in anticipation of your help, without which the continuation of this research would not be possible. I hope you will not mind my following up this letter with a telephone call to agree a mutually convenient date and time for a meeting with you.

Thank you for your time and consideration with this matter.

Yours sincerely,

Joy Zhang, B.Sc. (Marketing), MBA, Member of CIM.
Doctoral Candidate
Email: jzhang1@glam.ac.uk

Cc Prof. Duncan Lewis
Head of Department of Strategy
Research Supervisor
Email: dlewis@glam.ac.uk

Please find enclosed Executive Summary.

Executive Summary

An increasing attention is being paid to business ethics by both businesses and academic fields in the UK. The motto, 'Good ethics is good business', has encouraged most leading British companies to put significant effort and investment on business ethics which include thorough preparation of documents on this subject and the managing of corporate social responsibility (CSR) in order to present their ethical orientation to the public. However, both business and academic fields in the Western countries have found increasing difficulties and problems in international business ethics, especially when international companies are operating in their less-developed host countries. There have been discussions on the problems that occur when international companies face the different ethical standards, different business culture, business practice and the different social and economic environments in the host countries. With exposure to international media and also due to the internet operating under 24/7 conditions, the unethical business behaviour cases of world-leading MNEs, such as, Nike, Levi Strauss and Nestlé, have been exposed to the world public. Businesses need to be increasingly strategically aware of the danger and limitations of applying home-based policies and procedures within localised cultures and environments.

China has become the fastest growing economy in the world, with its competitive advantages of low-cost production and labour, and its massive consumer markets and this has attracted most of British companies to invest their businesses in China. The UK has become the largest European investor in China. However, there is much concern which is particularly relevant to business ethics in this emerging Chinese market, where it is claimed that Chinese businesses have been hampered by corruption and various unacceptable business practices, such as, bribery and informal business networks (*guanxi*). In this situation, both the expatriate managers and local Chinese managers of British companies carry out essential roles which have great responsibility for managing and applying the company's moral initiatives within localised cultures and environments in the host country, China. The managers' moral behaviour is the central principle of good management in international business ethics.

However, the moral behaviour of managers is largely under-researched in both national and international context. This crucial result gives an indication that there are potential dangers to the companies, and thus research opportunities for the academic field, in order to fill in the research gap and bring huge managerial benefits to the companies in order to avoid the potential ethical problems and risks in the future.

The purpose of this research is to develop a model which aims to explain the moral behaviours in decision-making of both local and expatriate managers working in Britain and China. The growth of the Chinese market is an important research area that requires better understanding. The concept of morality used in this study is drawn from Rest's (1983, 1986) four-component model of moral behaviour. This study also aims to explore the causes and outcomes of any likely change by investigating how an individual's moral behaviour is affected by different cultures and ethical principles, and also investigating the influence of competing values on an individual's moral behaviour. This study focuses on the development of an individual's morality to explain the moral development process.

This research will use a mixed research methods strategy to analyse and interpret qualitative data from field-based interviews; and quantitative data from traditional surveys and then to compute them together. In this research, the pilot testing of research instruments is suggested for the detection of weaknesses in design and instrumentation and provides a proxy for the selection of a probability sample. The respondents will be chosen from management levels in the organisations from both British companies' home and host countries. The primary data will be collected from qualitative and quantitative research. A data analysis will be conducted separately into two groups: Britain and China. The final finding will explain the differences in moral and ethical decision-making behaviours between these different groups of managers; and whether there is likely to be any change in an individual's moral behaviour will be explored by comparing in detail the data between these different groups of managers. The causes and outcomes of any likely changes will be investigated in the process of the data analysis.

Corporate Benefits from This Research Project

1. One of the resultant benefits to your organisation could include improved strategies for your business ethics in China, better relationships between your expatriate and local managers to aid the effective management and application of your company's moral initiatives, and when the research is completed, to provide you with useful data to facilitate your monitoring and understanding of the business environment in China which would affect the moral decision-making behaviour of your managers there. Research of this kind is currently very rare and the findings of this study could well provide data that might result in competitive advantages for the organisations that take part in it.
2. Within a cross-national and cross-cultural context, this research project will help the organisation to have a clearer and deeper understanding of its British expatriate and local Chinese managers' moral behaviour (including moral sensitivity, moral judgement, moral intention and moral character) within a different cultural and social economic environment context in its host country, China. It is beneficial for the organisation operating in the Chinese context to recognise and understand the driving influences being brought to bear on British expatriate managers facing ethical dilemmas in the Chinese operating environment.
3. According to the results from the investigation, the existing ethical standards and ethical programme in the organisation can be improved or the new ethical standards and ethical programme can be developed for the managers both in the UK and in China.
4. The organisational factors on managers' moral behaviour will also be investigated. The results from this investigation can help the organisation to adjust its existing organisation culture, structure, goals, strategies, organisation climate and ethical work climate in order to better control the implementation of its ethical policy and programme on all the levels. Thus new strategies and ethical programmes can be designed for improving ethical performance. It is also hoped that prediction, prevention and possible avoidance of unethical behaviour, ethical problems and risks can be overcome by taking part in this research. The research is designed to measure Chinese and British managers' ethical behaviour in decision-making.
5. From a human resources management perspective, the importance of measuring an individual's moral behaviour by using the framework in this research project when recruiting new managers is highlighted. Different ethical reward systems can be designed for the managers.

Appendix 2

Research summary and methodology for participant companies
and managers

Does the Moral Behaviour of Individual Managers Transcend Local and International Boundaries in British Companies Operating in China and the United Kingdom?

Globalisation and the economic expansion of economies such as Britain and China have placed different forms of pressure on managers operating in these different environments. Alongside this economic expansion, companies have had to address important issues of ethical business behaviour. Managers operating in different cultural environments face the difficult tasks of ethical decision-making whilst continuing to manage strategically and operationally. Practical studies have repeatedly demonstrated differences in ethical practices across different cultures. This signifies that culture appears to play a central role in influencing an individual's moral behaviour. Thus, we need to fully understand the differences and similarities in British and Chinese managers' moral behaviour, specifically on decision-making when resolving ethical business problems across cultural and national boundaries. This research is the doctoral study of Jun (Joy) Zhang, University of Glamorgan, and resolves to study the ethical issues facing managers operating across different cultures in Britain and China.

Research Summary:

Since China opened its market to the western economies, Britain has become the principal European investor in China. However, China is not an easy market to manage. The cumulative ethical challenges such as intellectual property rights, corruption, bribery and personal informal relationships (known as *guanxi*) have caused difficulties for British companies which attempt to apply home-based universal policies and procedures within localised cultures and environments. The ethical and cultural differences between the two countries have made business ethics practice particularly difficult. Many managers of international companies have experienced these ethical dilemmas in dealing with their Chinese partner. Therefore:

➤ If your organisation operates in the same emerging situation as described above, it is likely to be beneficial for you to have a clear picture of the ethical, cultural, social and economic environment of your host country. A rich summary on reviewing the above issues will be provided free to your organisation for participation in this research project. The valuable information from this research can help your organisation to adjust your global strategies under dissimilar and uncertain circumstances in order to manage and implement your company's policies in China and the UK.

One fundamental issue that arises from the above situation is that the moral behaviour of individual managers varies between nations, cultures and social communities. For example, in the local Chinese/British environment, the traditional Chinese/British ethical philosophies and culture, together with the moral standards and practice in the business community, can affect local Chinese/British managers' ethical decision-making. This is consequently a process which consciously and sub-consciously influences managers' awareness on moral issues, judgement and motivation. Therefore:

➤ This research project provides you with unique and valuable research findings and useful information of your local British and Chinese managers' moral behaviour

in decision-making by measuring their awareness, judgement, motivation and decisions on moral issues and moral action. The results also aim to measure the dimension of the differences and similarities between different manager nationalities and to evaluate how these differences and

similarities relate to local ethical, cultural, social and economic environments in both countries. This research aims to help you design an appropriate ethical programme for local managers. It is also hoped that prediction, prevention and possible avoidance of unethical behaviour, ethical problems and risks can be overcome by taking part in this research. The research is designed to measure the Chinese and British managers' moral behaviour in decision-making. Please refer to Appendix for more information.

When British and Chinese managers operate together in the same environment, whether in Britain or China, they will face similar dilemmas, but may or may not take similar ethical actions. This research aims to investigate these ethical dilemmas when individual managers are transferred from one environment to another. Will managers be expected to revise their ethical and cultural understanding compared to their normal patterns of moral behaviour? For example, British/Chinese expatriate managers might be expected by the local Chinese/British managers and employees to alter their own ethical and cultural understanding or the other way round. In this sort of situation, making appropriate ethical decisions for managers is a complex and sometimes highly ambiguous process. Managers have to decide whether they want to conform to the standards of their host country or to insist on their own perception of right or wrong or find some middle ground. Although managers can insist on universal moral principles and they might be helpful, there may be other instances in which the decision-maker should reasonably adopt local ethical norms. Therefore:

➤ It is beneficial for the organisation operating in the Chinese context to recognise and understand the driving influences being brought to bear on British/Chinese expatriate managers facing ethical dilemmas in the Chinese/British operating environment.

Research of this kind is currently very rare and the findings of this study could well provide data that might result in competitive advantages for the organisations that take part in it.

Research methodology: Please refer to Appendix

Appendix

Research methodology: Three methods of data-gathering are used in this research project: (1) hypothetical ethical scenarios (2) self-reporting questionnaires and (3) interviews.

➤ **Research instruments**

1. **Workplace Decision-making Questionnaire One: Part A: Workplace decision-making:** Individual managers are asked to make their decisions to a range of hypothetical business situations. The answers will be compared within each group of local and expatriate British and Chinese managers. Any similarities or differences from the results will be further investigated. **Part B: Personal demographic data:** business experience, age, sex/gender, educational level, current level of employment, religious affiliation, organisational type and organisation size etc. The data will be analysed to see whether a pattern exists, based on these demographic data.
2. **Workplace Decision-making Questionnaire Two: Part A: Personal Values:** The personal value questionnaire examines possible motivational factors which can motivate each group of managers to behave morally. **Part B: Moral judgement:** The Defining Issue Test (DIT) is used to find out how individual managers make judgements from their decisions. Any similarities and differences between managers will be identified. **Part C: Personal demographic data:** business experience, age, sex/gender, educational level, current level of employment, religious affiliation, organisational type, organisation size etc.
3. **Interviews:** Interviews will be conducted with a sample of local and expatriate managers in China and the UK.

- **Pilot studies for adjusting research questionnaire:** A detailed pilot study will be conducted using The University of Glamorgan Doctoral students and members of staff who are managers employed at the university. Once this process has taken place, if adjustments are necessary, they can be made at the pilot stage.
- **Confidential issues:** This research is conducted in compliance with the research ethical guidelines of The University of Glamorgan under its regulations “Ethical Issues in Teaching and Research”. Any information provided will be treated in the strictest confidence. Anonymity will be preserved at all times and nothing will be published that could identify either individuals or companies in any way. Data will be stored only for the purpose of this research and for the duration of this project before being destroyed.
- **Selection of subjects:** The managers involved in this research project are the local and expatriate British and Chinese managers who are employed full-time in various levels of British MNCs in both Britain and China.

- **Research timetable:** (1) May - June 2005: for adjusting the research questionnaire and confirming the final number of respondents. Making arrangement for delivering questionnaire one to the respondents. (2) June / July - Aug. 2005: data gathering (survey questionnaire one). (3) Aug. - Sep. 2005: data gathering (survey questionnaire two). (4) Aug. - Sep. 2005: following up to encourage a greater level of response and to chase up any slow response. (5) Aug. - Sep. / Oct. 2005: data analysing (questionnaire one & two). (6) Nov. - Dec. 2005: UN Global Compact Conference in Shanghai; data gathering (interviews in China). (7) Jan. - Mar. 2006: data gathering (interviews in the UK). (8) Mar. - June 2006: continuing the analysis of the data.

Appendix 3

The postal questionnaire – part one (English version)

WORKPLACE DECISION-MAKING QUESTIONNAIRE

Part A: Workplace Decision-making

Instruction:

The questions in this section cover a range of hypothetical business situations. You are required to place yourself in the scenario and indicate how you might respond to each of the questions raised at the end. Please treat each issue separately.

Important:

- (1) You will see a scale from no. 1 to 5. Select one item from the scale. For example: '4' means you strongly disagree, in which case, please write no. 4 in the box provided. If you agree strongly, you will write '1' in the box.
- (2) You are also asked to respond to two questions at the end of each scenario. Please type your responses in the available boxes after each question.

1. You are a senior manager with a company that produces bicycles. All efforts to enter the very lucrative market of a large south Asian country have been frustrated. The company could expect to make a substantial profit from sales if it could penetrate the market. Last week, a local business agent from the country contacted you and stated that one of the key government officials has promised that he could smooth the way for your company to enter this country, but there are some 'respects' that have to be paid - a price which is equivalent to 5% of the expected profit for the first year of sales. You were told that this practice is considered as normal business procedure in the host country. The official has also guaranteed you that your company can enter the host country without any problems. You plan to go ahead with this arrangement.

**strongly
agree**
1

**moderately
agree**
2

**moderately
disagree**
3

**strongly
disagree**
4

neutral
5

What did you consider to be the most important issues when you made your decision above?

Why do you think that was the right decision to take?

2. Your company's sales have already been hit by heavy competition in the marketplace. You have heard that your major competitor has developed a new product feature. You know that the launch of this new product will make the sales of your company's existing products even worse. Next week, this competitor will have a hospitality suite at the annual trade show and unveil this feature at a party thrown for dealers. You know this is the only opportunity for gaining valuable information for your company in order to make similar products and to sell them more cheaply in the marketplace than your competitor. In this case, you have decided to send someone who works for you to this trade show and will be pretending to be a potential client in order to gain information. Do you:

strongly agree	moderately agree	moderately disagree	strongly disagree	neutral	
1	2	3	4	5	

What did you consider to be the most important issues when you made your decision above?

Why do you think that was the right decision to take?

3. At your personal recommendation, your company invests considerable resources in a creative new production process. Later, you discover that the new process was by no means as effective or cost efficient as you had originally anticipated. You admit that the error is definitely yours although further losses could be avoided if you brought this to the attention of others. You still propose not to say anything and hope that the error is not recognised. Do you:

strongly agree	moderately agree	moderately disagree	strongly disagree	neutral	
1	2	3	4	5	

What did you consider to be the most important issues when you made your decision above?

Why do you think that was the right decision to take?

4. You were appointed as managing director in your company two months ago. Your human resources manager has been very helpful to you in all sorts of ways. You have become very good friends. You need to recruit a new assistant marketing manager. During the recruitment procedure, you receive a number of satisfactory job applications. One day, the human resources manager comes to you and highly recommends his niece, who also meets your requirements. The HR manager suggests that you employ her to fill the new post. You finally agree to appoint his niece as your new assistant marketing manager.

strongly agree	moderately agree	moderately disagree	strongly disagree	neutral	
1	2	3	4	5	<input type="text"/>

What did you consider to be the most important issues when you made your decision above?

Why do you think that was the right decision to take?

5. You are a production supervisor in a company that provides household electrical appliances such as ovens and washing machines. You have recently become aware that one of the products produced by your company is defective and unsafe. You have already brought this to the attention of management but they have done nothing to remove the defect. You were considering reporting the matter to the external authorities but have decided against this as the most likely outcome is that you would lose your job. Do you:

strongly agree	moderately agree	moderately disagree	strongly disagree	neutral	
1	2	3	4	5	<input type="text"/>

What did you consider to be the most important issues when you made your decision above?

Why do you think that was the right decision to take?

6. The research and development department has announced that they have modernised one of your company's products. The marketing department has decided to put this statement on the packaging and in adverts. You know this new product is actually not really new and improved, but it will definitely increase sales for your company if you follow the marketing department's plan. Do you:

**strongly
agree**

1

**moderately
agree**

2

**moderately
disagree**

3

**strongly
disagree**

4

neutral

5

What did you consider to be the most important issues when you made your decision above?

Why do you think that was the right decision to take?

7. Your company is a car component manufacturer. The processes used to produce these components create large quantities of industrial waste which has no commercial value, but its disposal represents a significant cost of production which affects company profit. As the person who is in charge, you cannot find anywhere to dump the waste in the city due to strict regulations. However, someone suggested to you that it is no problem to dump the waste in a rural area of the country because there are no strict regulations and this is common practice. You approve this suggestion.

**strongly
agree**

1

**moderately
agree**

2

**moderately
disagree**

3

**strongly
disagree**

4

neutral

5

What did you consider to be the most important issues when you made your decision above?

Why do you think that was the right decision to take?

8. A friend of yours who is the owner of a local small business is currently in financial difficulty. He approaches you to borrow and copy a proprietary data-based software package which he thinks will be of great help in generating future business. The software package retails for £300. You loan the software package to him. Do you:

strongly agree	moderately agree	moderately disagree	strongly disagree	neutral	<input type="checkbox"/>
1	2	3	4	5	

What did you consider to be the most important issues when you made your decision above?

Why do you think that was the right decision to take?

9. You work for a large construction company. In keeping with the nature of the industry your company experiences a high staff turnover. Recently you have discovered that one of your most experienced employees has stolen some company property for his own gain. Your initial reaction was to report this employee but you know that he will probably be fired. This employee is, however, extremely valuable to you and your company at work, and the property he took is not significant. It is unlikely that you will take action in this case.

strongly agree	moderately agree	moderately disagree	strongly disagree	neutral	<input type="checkbox"/>
1	2	3	4	5	

What did you consider to be the most important issues when you made your decision above?

Why do you think that was the right decision to take?

10. You have just transferred to work as a general manager in a branch office of your company. You know your head office has quite specific rules against the giving of money or gifts to potential customers. However, on the first week after you started your new job, you realise that it is extremely difficult to conduct successful business in your area without giving something to local clients in order to expand the market. Due to the lack of support from your local clients, the first and second months' sales of your branch were very poor compared to those of the other branches. In the third month, you make the decision to let your most trusted agent do whatever is necessary to increase your sales output. This might mean offering money or gifts to the clients. Do you:

**strongly
agree**

1

**moderately
agree**

2

**moderately
disagree**

3

**strongly
disagree**

4

neutral

5

What did you consider to be the most important issues when you made your decision above?

Why do you think that was the right decision to take?

Part B: Demographic Information:

Confidential issues: This research is conducted in compliance with the research ethical guidelines of The University of Glamorgan under its regulations “Ethical Issues in Teaching and Research”. Any information provided will be treated in the strictest confidence. Anonymity will be preserved at all times and nothing will be published that could identify either individuals or companies in any way. Data will be stored only for the purpose of this research and for the duration of this project before being destroyed.

Instructions: Please answer the following questions relating to your personal circumstances.

1. Age:

2. Sex:

3. What is your nationality?

4. What would you describe as your ethnic origin?

5. Please cross ‘x’ one item only which indicates your highest level of academic achievement:

Secondary school	
Diploma	
Bachelor’s degree	
Master’s degree	
Ph.D. or Doctorate	
Professional qualification (e.g. lawyer, accountant)	

6. Which type of industry is your company in? Please insert a cross ‘x’ in the appropriate box.

Manufacturing		Transport/utilities	
Mining/extraction		Advertising/PR/media	
Construction/civil engineering		Hotel/recreation	
Retail/wholesale		Banking/investment/insurance	
Business services		Export/import	
Management consultancy		Other (please specify)	

7. Functional area of your current role: Please insert a cross ‘x’ in the appropriate box.

Marketing/sales		General management	
Finance/accounting		Human resources	
Production		Engineering	
Computing		Other (please specify)	

8. Please cross 'x' all of the following that you think might apply to you. **Please indicate how long you have been employed in these positions by writing the number of years in the table.**

	Years of experience	
I am /was a UK-based British manager.		
I am /was a UK-based expatriate Chinese manager.		
I am /was a China-based Chinese manager.		
I am /was a China-based British manager.		

9. Please indicate your present level of employment (e.g. CEO/executive board/senior manager/middle or line manager/supervisor)

10. In what country are you currently working?

11. Answer the following statement by placing a cross 'x' in the box under one of the numbers below. Indicate the extent to which you rely or do not rely on spiritual or religious beliefs when making very important decisions in the workplace.

Never rely on spiritual
or religious beliefs

1	2	3	4	5	6
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Always rely on spiritual or
religious beliefs

12. Are you a member of any particular religious group? Please place a cross 'x' against the item.

☐ Yes / No ☐

If yes, cross 'x' the item which identifies your religious affiliation:

Christian		Buddhist		Moslem	
Taoist		Confucian		Jewish	
Hindu		Other religion (please specify)			

Thank you for taking part in this research.

You have now completed all parts of the questionnaire.

✉ Please return this questionnaire to the following **email** address:

jzhang1@glam.ac.uk

Thank you!

Appendix 4

The postal questionnaire – part two (English version)

Part A: Personal Values

In this part of the questionnaire you are to ask yourself: "What values are important to **me** as guiding principles in **my** life, and what values are less important to **me**?" There are **two lists** of values on the following pages. These values come from different cultures. In the parentheses following each value is an explanation that may help you to understand its meaning.

✦ Please read the **INSTRUCTIONS** below before you start ✦

Your task is to rate how important each value is for you as a guiding principle in your life. Use the rating scale below:

opposed to my values	not important		important		very important	of supreme importance		
-1	0	1	2	3	4	5	6	7

0 – means the value is not at all important, it is not relevant as a guiding principle for you.

3 – means the value is important.

6 – means the value is very important.

The higher the number (0, 1, 2, 3, 4, 5, 6), the more important the value is as a guiding principle in **YOUR** life.

SPECIAL RATINGS: *

-1 is for rating any values opposed to the principles that guide you.

7 is for rating a value of supreme importance as a guiding principle in your life;

* Ordinarily, people find that there are no more than two of these special ratings values in their guiding principles.

VALUE LIST I

IMPORTANT: (1) Before you begin, read all of the values of the list below (**List I**), choose the one that is most important to you and rate its importance. (2) Next, choose the value that is most opposed to your values and rate it -1. If there is no such value, choose the value least important to you and rate it 0 or 1, according to its importance. (3) Then rate the rest of the values in List I. (4) In the box before each value, insert the number (-1, 0, 1, 2, 3, 4, 5, 6, 7) that indicates the importance of that value for you, personally. Try to distinguish as much as possible between the values by using all the numbers. You will, of course, need to use numbers more than once.

AS A GUIDING PRINCIPLE IN MY LIFE, this value is:

opposed to my values	not important	important	very important	of supreme importance
-1 -----	0 -----	1 -----	2 -----	3 -----
4 -----	5 -----	6 -----	7 -----	

✦ Please insert the number (-1, 0, 1, 2, 3, 4, 5, 6, 7) in the box before each value

	<u>EQUALITY</u> (equal opportunity for all)		<u>CREATIVITY</u> (uniqueness, imagination)
	<u>INNER HARMONY</u> (at peace with myself)		<u>PLEASURE</u> (gratification of desires)
	<u>SOCIAL POWER</u> (control over others dominance)		<u>RESPECT FOR TRADITION</u> (preservation of time-honoured customs)
	<u>A WORLD OF PEACE</u> (free of war and conflict)		<u>MATURE LOVE</u> (deep emotional & spiritual intimacy)
	<u>FREEDOM</u> (freedom of action and thought)		<u>PRIVACY</u> (the right to have a private life)
	<u>A SPIRITUAL LIFE</u> (emphasis on spiritual not material matters)		<u>SENSE OF BELONGING</u> (feeling that others care about me)
	<u>AUTHORITY</u> (the right to lead or command)		<u>FAMILY SECURITY</u> (safety for loved ones)
	<u>AN EXCITING LIFE</u> (stimulating experience)		<u>SOCIAL RECOGNITION</u> (respect, approval by others)
	<u>SOCIAL ORDER</u> (stability of society)		<u>UNITY WITH NATURE</u> (fitting into nature)
	<u>SELF-DISCIPLINE</u> (self-restraint, resistance to temptation)		<u>A VARIED LIFE</u> (filled with challenge, novelty and change)
	<u>POLITENESS</u> (courtesy, good manners)		<u>WISDOM</u> (a mature understanding of life)
	<u>WEALTH</u> (material possessions, money)		<u>MEANING IN LIFE</u> (a purpose in life)
	<u>NATIONAL SECURITY</u> (protection of my nation from enemies)		<u>TRUE FRIENDSHIP</u> (close, supportive friends)
	<u>SELF RESPECT</u> (a belief in one's own worth)		<u>A WORLD OF BEAUTY</u> (beauty of nature and arts)
	<u>RECIPROCATION OF FAVOURS</u> (avoiding being indebted to someone)		<u>SOCIAL JUSTICE</u> (correcting injustice, care for the weak)

VALUE LIST II

IMPORTANT: (1) Before you begin, read all the values of the list below (**List II**), choose the one that is most important to you and rate its importance. (2) Next, choose the value that is most opposed to your values and rate it -1. If there is no such value, choose the value least important to you and rate it 0 or 1, according to its importance. (3) Then rate the rest of the values in List II. (4) In the box before each value, insert the number (-1, 0, 1, 2, 3, 4, 5, 6, 7) that indicates the importance of that value for you, personally. Try to distinguish as much as possible between the values by using all the numbers. You will, of course, need to use numbers more than once.

AS A GUIDING PRINCIPLE IN MY LIFE, this value is:

opposed to my values	not important	important	very important	of supreme importance
-1 -----	0 -----	1 -----	2 -----	3 -----
4 -----	5 -----	6 -----	7 -----	

✦ Please insert the number (-1, 0, 1, 2, 3, 4, 5, 6, 7) in the box before each value

	<u>INDEPENDENT</u> (being self-reliant, self-sufficient)		<u>OBEDIENT</u> (being dutiful, meeting obligations)
	<u>MODERATE</u> (avoiding extremes of feeling & action)		<u>PRESERVING MY PUBLIC IMAGE</u> (saving face)
	<u>LOYAL</u> (being faithful to my friends, group)		<u>HONEST</u> (being genuine, sincere)
	<u>AMBITIOUS</u> (being hard-working, aspiring)		<u>INTELLIGENT</u> (having logical thinking)
	<u>BROADMINDED</u> (being tolerant of different ideas and beliefs)		<u>HELPFUL</u> (working for the welfare of others)
	<u>HUMBLE</u> (being modest, self-effacing)		<u>DARING</u> (seeking adventure, risk)
	<u>ENJOYING LIFE</u> (enjoying food, sex, leisure, etc.)		<u>DEVOUT</u> (holding to religious faith & belief)
	<u>SUCCESSFUL</u> (achieving goals)		<u>RESPONSIBLE</u> (being dependable, reliable)
	<u>INFLUENTIAL</u> (having an impact on people and events)		<u>CURIOUS</u> (being interested in everything, exploring)
	<u>HONOURING OF PARENTS AND ELDERS</u> (showing respect)		<u>FORGIVING</u> (being willing to pardon others)
	<u>CHOOSING OWN GOALS</u> (selecting own purpose)		<u>PROTECTING THE ENVIRONMENT</u> (preserving nature)
	<u>HEALTHY</u> (not being sick physically or mentally)		<u>CAPABLE</u> (being competent, effective, efficient)
	<u>CLEAN</u> (being neat, tidy)		<u>SELF-INDULGENT</u> (doing pleasant things)
	<u>ACCEPTING MY PORTION IN LIFE</u> (accepting what life gives me)		

Part B: Opinions about social problems

Instructions: This questionnaire is aimed at understanding how people think about social problems. Different people often have different opinions about questions of right and wrong. There are no “right” answers in the way that there are right answers to mathematical problems. We would like you to tell us what you think about several problem stories. The paper will be fed to a computer to find the average for the whole group, and no one will see your individual answers. In this questionnaire you will be asked to give your opinions about several stories.

Here is a story as an example:

Frank Jones has been thinking about buying a car. He is married, has two small children, and earns an average income. The car he buys will be his family’s only car. It will be used mostly to get to work and drive around town, but also sometimes for holiday trips. In trying to decide what car to buy, Frank Jones realised that there were a lot questions to consider. Below there is a list of some of these questions.

If you were Frank Jones, how important would each of these questions be in deciding what car to buy?

Example instruction for Part A: (Sample Question)

Look at the table below. On the left hand side, put a cross ‘x’ in one of the spaces next to each statement. (For instance, if you think that statement no. 1 is not important in making a decision about buying a car, please put a cross ‘x’ in the space on the right under ‘No’.).

Importance					
Great	Much	Some	Little	No	
				x	1. Whether the car dealer was in the same street as where Frank lives.
x					2. Would a used car be more economical in the long run than a new car?
		x			3. Whether the colour was green, Frank’s favourite colour.
				x	4. Whether the cubic inch displacement was at least 200.
x					5. Would a large, roomy car be better than a compact car?

Example instruction for Part B: (Sample Question)

From the list of questions above, select the most important one of the whole group. Put the number of the most important question on the top line below. Do likewise for your second, third and fourth most important choices. (Note that the top choices in this case will come from the statements that were crossed on the far left-hand side – statements no. 2 and no. 5 were thought to be very important. In deciding what is the most important, a person would re-read no. 2 and no. 5, and decide one of them as being the most important, and then put the other as “second most important,” and so on.)

Most important: _____ 5 _____
 Second most important: _____ 2 _____
 Third most important: _____ 3 _____
 Fourth most important: _____ 1 _____

Story One: Heinz and the Drug

In Europe, a woman was near death from a special kind of cancer. There was one drug that the doctors thought might save her. It was a form of radium that a chemist in the same country had recently discovered. The drug was expensive to make, but the chemist was charging ten times what the drug cost to make. He paid £200 for the radium, and charged £2000 for a small dose of the drug. The sick woman's husband, Heinz, went to everyone he knew to borrow the money, but he could only get together about £1000. He told the chemist that his wife was dying, and asked him to sell it more cheaply or let him pay later. But the chemist said, 'No, I discovered the drug and I'm going to make money from it.' So Heinz become desperate and began to think about breaking into the man's store to steal the drug for his wife.

Should Heinz steal the drug? (Cross 'x' against one response only)

_____ should steal it _____ Can't decide _____ Should not steal it

Read the following statements carefully and decide to what extent each statement is considered important to you when you made your decision above. Please placing cross 'x'.

Importance					
Great	Much	Some	Little	No	
					1. Whether a community's laws are going to be upheld.
					2. Isn't it only natural for a loving husband to care so much for his wife that he'd steal?
					3. Is Heinz willing to risk going to jail for the chance that stealing the drug might help?
					4. Whether Heinz is a professional wrestler, or has considerable influence with professional wrestlers.
					5. Whether Heinz is stealing for himself or doing this solely to help someone else.
					6. Whether the chemist's rights to his invention have to be respected.
					7. Whether the essence of living is more encompassing than the termination of dying, socially and individually.
					8. What values are going to be the basis for governing how people act towards each other?
					9. Whether the chemist is going to be allowed to hide behind a worthless law which only protects the rich anyhow.
					10. Whether the law in this case is getting in the way of the most basic claim of any member of society.
					11. Whether the chemist deserves to be robbed for being so greedy and cruel.
					12. Would stealing in such a case bring about more total good for the whole society or not?

From the list of questions above, select the four most important (Write down a number for each):

Most important _____

Second most important _____

Third most important _____

Fourth most important _____

Story Two: Escaped prisoner

A man had been sentenced to prison for 10 years. After one year, however, he escaped from prison, moved to a new area of the country, and took on the name of Thompson. For 8 years he worked hard, and gradually he saved enough money to buy his own business. He was fair to his customers, gave his employees top wages, and gave most of his own profits to charity. Then one day, Mrs. Jones, an old neighbour, recognised him as the man who had escaped from prison 8 years before, and whom the police had been looking for.

Should Mrs. Jones report Mr. Thompson to the police and have him sent back to prison? (Cross 'x' against one response only)

_____ Should report _____ Can't decide _____ Should not report him

Read the following statements carefully and decide to what extent each statement is considered important to you when you made your decision above. Please placing cross 'x'.

Importance					
Great	Much	Some	Little	No	
					1. Hasn't Mr. Thompson been good enough for such a long time to prove he isn't a bad person?
					2. Every time someone escapes punishment for a crime, doesn't that just encourage more crime?
					3. Wouldn't we be better off without prisons and oppression of our legal systems?
					4. Has Mr. Thompson really paid his debt to society?
					5. Would society be failing what Mr. Thompson should fairly expect?
					6. What benefits would prisons be apart from society, especially for a charitable man?
					7. How could anyone be so cruel and heartless as to send Mr. Thompson to prison?
					8. Would it be fair to all the prisoners who had to serve out their full sentences if Mr. Thompson was let off?
					9. Was Mrs. Jones a good friend of Mr. Thompson?
					10. Wouldn't it be a citizen's duty to report an escaped criminal, regardless of the circumstances?
					11. How would the will of the people and the public good best be served?
					12. Would going to prison do any good for Mr. Thompson or protect anybody?

From the list of questions above, select the four most important (Write down a number for each):

Most important _____
 Second most important _____
 Third most important _____
 Fourth most important _____

Story Three: Newspaper

James, an A level student, still at school, wanted to publish a mimeographed school newspaper for students so that he could express many of his opinions. He wanted to speak out against the war in Iraq and against some of the school's rules, like the rule forbidding boys to wear long hair.

When James started his newspaper, he asked his headmaster for permission. The headmaster said it would be all right if, before every publication, Fred would submit all his articles for the headmaster's approval. James agreed and submitted several articles for approval. The headmaster approved all of them and James published two issues of the paper in the next two weeks.

But the headmaster had not expected that James's newspaper would receive so much attention. Students were so excited by the paper that they began to organise protests against the hair regulation and other school rules. Angry parents objected to James's opinions. They phoned the headmaster, telling him that the newspaper was too radical and anarchic and should not be published. As a result of the rising excitement, the headmaster ordered James to stop publishing. He gave as a reason that James's activities were disruptive to the operation of the school.

Should the headmaster stop the newspaper? (Cross 'x' against one response only)

_____ Should stop it _____ Can't decide _____ Should not stop it

Read the following statements carefully and decide to what extent each statement is considered important to you when you made your decision above. Please placing cross 'x'.

Importance					
Great	Much	Some	Little	No	
					1. Is the headmaster more responsible to students or to the parents?
					2. Did the headmaster give his word that the newspaper could be published for a long time, or did he just promise to approve the newspaper one issue at a time?
					3. Would the students start protesting even more if the headmaster stopped the newspaper?
					4. When the welfare of the school is threatened, does the headmaster have the right to give orders to students?
					5. Does the headmaster have the freedom of speech to say 'no' in this case?
					6. If the headmaster stopped the newspaper, would he be preventing full discussion of important problems?
					7. Whether the headmaster's order would make James lose faith in the principal.
					8. Whether James was really loyal to his school and reasonable in his views.
					9. What effect would stopping the paper have on the students' education in critical thinking and judgements?
					10. Whether James was in any way violating the rights of others in publishing his own opinions.
					11. Whether the headmaster should be influenced by some angry parents when it should be the headmaster that knows best what is going on in the school.
					12. Whether James was using the newspaper to stir up hatred and discontent.

From the list of questions above, select the four most important (Write down a number for each):

Most important _____

Second most important _____

Third most important _____

Fourth most important _____

Part C: Demographic Information:

Confidential issues: This research is conducted in compliance with the research ethical guidelines of The University of Glamorgan under its regulations “Ethical Issues in Teaching and Research”. Any information provided will be treated in the strictest confidence. Anonymity will be preserved at all times and nothing will be published that could identify either individuals or companies in any way. Data will be stored only for the purpose of this research and for the duration of this project before being destroyed.

Instructions: Please answer the following questions relating to your personal circumstances.

1. Age:

2. Sex:

3. What is your nationality?

4. What would you describe as your ethnic origin?

5. Please cross ‘x’ one item only which indicates your highest level of academic achievement:

Secondary school	
Diploma	
Bachelor’s degree	
Master’s degree	
Ph.D. or Doctorate	
Professional qualification (e.g. lawyer, accountant)	

6. Which type of industry is your company in? Please insert a cross ‘x’ in the appropriate box.

Manufacturing		Transport/utilities	
Mining/extraction		Advertising/PR/media	
Construction/civil engineering		Hotel/recreation	
Retail/wholesale		Banking/investment/insurance	
Business services		Export/import	
Management consultancy		Other (please specify)	

7. Functional area of your current role: Please insert a cross 'x' in the appropriate box.

Marketing/sales		General management	
Finance/accounting		Human resources	
Production		Engineering	
Computing		Other (please specify)	

8. Please cross 'x' all of the following that you think might apply to you. **Please indicate how long you have been employed in these positions by writing the number of years in the table.**

	Years of experience	
I am /was a UK-based British manager.		
I am /was a UK-based expatriate Chinese manager.		
I am /was a China-based Chinese manager.		
I am /was a China-based British manager.		

9. Please indicate your present level of employment (e.g. CEO/executive board/senior manager/middle or line manager/supervisor)

10. In what country are you currently working?

11. Answer the following statement by placing a cross 'x' in the box under one of the numbers below. Indicate the extent to which you rely or do not rely on spiritual or religious beliefs when making very important decisions in the workplace.

Never rely on spiritual or religious beliefs	1	2	3	4	5	6	Always rely on spiritual or religious beliefs
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

12. Are you a member of any particular religious group? Please place a cross 'x' against the item.

☐ Yes / No ☐

If yes, cross 'x' the item which identifies your religious affiliation:

Christian		Buddhist		Moslem	
Taoist		Confucian		Jewish	
Hindu		Other religion (please specify)			

Thank you for taking part in this research.

You have now completed all parts of the questionnaire.

 Please return this questionnaire to the following **email** address:

jzhang1@glam.ac.uk

Appendix 5

The postal questionnaire – part one (Chinese version)

第一部分：工作中所要做的决定

说明和指示：

在这个部分中，您将面对一系列假定的情景。这些情景都反映了在工作中可能会出现的问题。希望您能对所发生在每个情景中的问题作出您的回应。在您考虑的时候，请将您自己代入每个情景中的角色，设身处地的把整个情景中发生的情况考虑一下。每一个假定的情景之间都没有相应的联系。

请您注意：

(a)在每个短情景之后，您需要在所给的5项选择中选出一个相应的答案来代表您对在每个假定情景中发生的情况的同意/不同意的程度，并将相应的数字填入右侧的小空格中。比如说，如果您选择‘强烈同意’的话，您就需要将‘1’填入右侧的小空格中。

(b)在每个短情景之后，您需要回答两个问题。请您将您的答案填入问题下的空格中。

- 你是一家自行车制造公司的高层经理。你公司已经在为打入一个南亚大国市场的计划上花了很多时间和精力，但是好几个月过后计划还是没有成功。如果按原计划打入市场一切顺利的话，你公司已经能开始赢得相当稳定的一笔利润。作为这个项目的负责人，你对此事感到很焦虑。有一天，当地的一名经销商前来与你联系。他声称有一位政府要员已经保证能为你公司打入他们国家市场打开通道，但是你必须付一笔劳金。这笔费用相当于你公司第一年年销售额的百分之五（5%）。你被告之这种商业手法在当地是很寻常的。你最后决定采用这个办法：

强烈同意	同意	不同意	强烈不同意	没有意见	
1	2	3	4	5	<input type="text"/>

当您在做以上的决定的时候，您考虑了些什么？

您为什么认为您的决定是个正确的决定？

2. 你公司的销售受到了市场上其它竞争对手的强烈影响，因而已经开始慢慢地下滑。今天，你得到了一个消息说你的竞争对手会有一个新产品投入市场。他们而且会在下个星期三的年度商业贸易展览会上将这个新产品向所有的经销商发布。你对手的这个举动相应之下会对你公司产品的销售造成更大的打击。所以说下个星期三的发布会对你来说是一次很重要的机会去取得一些有关你竞争对手的商业产品信息。你公司可以用其信息制造出和你对手相近的产品，并且在市场上卖得更便宜。所以，你决定叫你手下的一名员工假扮成一名客户到这个发布会上听取信息。

强烈同意 同意 不同意 强烈不同意 没有意见
 1 2 3 4 5

当您在做以上的决定的时候，您考虑了些什么？

您为什么认为您的决定是个正确的决定？

3. 在你个人的极力推荐下，你的公司投入了一大笔资金在一条新开发的产品流水线上。你一直认为其流水线是相当节省高效的。但是，过了不久之后，你发现这条流水线根本不能达到你预计中所料想的效率。随即之下你就意识到了你已经犯了一个大错误。幸运的是到目前为止除了你一人知道以外，还没有其他人对此事引起注意。尽管你知道如果你将所发生的情况告诉其他人的话，进一步的损失会被减轻，但是你还是决定不将你犯下的这个错误告诉其他人。

强烈同意 同意 不同意 强烈不同意 没有意见
 1 2 3 4 5

当您在做以上的决定的时候，您考虑了些什么？

您为什么认为您的决定是个正确的决定？

4. 自从你被任命为你公司的总经理以来，你的人事部经理一直在各方面很热情的帮助和支持你。你们已经成为了很好的朋友。有一次，在招聘一名市场部助理经理期间，这位人力资源部经理向你高度推荐了他的外甥，并且建议你雇佣他的外甥作为新的市场部助理经理，因为他的外甥符合所有你提出的聘用条件。尽管你收到了另外很多令人满意的工作申请，你最后还是同意雇佣这个人事部经理的外甥作为新的市场部助理经理。

强烈同意 同意 不同意 强烈不同意 没有意见
 1 2 3 4 5

当您在做以上的决定的时候，您考虑了些什么？

您为什么认为您的决定是个正确的决定？

5. 你是一家家用电子器具制造公司的生产部质量总监。你公司所制造的产品包括洗衣机，电炉灶等。最近，你发现在你公司生产的一部分产品中，有一些有质量问题，不符合安全使用标准。你已经把这个问题向你公司有关管理部门做了报告，但是他们对此事无动于衷。你一度考虑过把这件事向外部有关部门报告，但是你又担心如果此事不成的话你很有可能会被你公司解雇。所以到最后你还是决定不去报告。

强烈同意 同意 不同意 强烈不同意 没有意见
 1 2 3 4 5

当您在做以上的决定的时候，您考虑了些什么？

您为什么认为您的决定是个正确的决定？

6. 你公司的研究和开发部门不久前对外申明他们已经更新了你公司的一个老产品。你知道这个刚更新的产品其实根本不新也没有被改进过。但是，如果将这个产品更新的标语贴在产品的包装和广告上的话会促进这个产品的销售，因而会为你公司带来很多的赢利。你对这个计划表示：

强烈同意 同意 不同意 强烈不同意 没有意见
 1 2 3 4 5

当您在做以上的决定的时候，您考虑了些什么？

您为什么认为您的决定是个正确的决定？

7. 你在一家汽车零件制造公司工作。制造这些零件的生产流水线会产生很大一笔工业废料。这些工业废料不但没有任何商业价值，而且会花费你公司很多钱将其处理干净。这样的话，产品的生产成本就会提高。作为这个项目的负责人，你知道这些废料肯定不能被轻易排放在市区地带，因为市区对这种事管得很严厉。你被告之农村地区在此事上没有任何规定，再加上有很多厂家都这么做，所以你最后决定把这些废料倒在农村地带。你对此事表示：

强烈同意 同意 不同意 强烈不同意 没有意见
 1 2 3 4 5

当您在做以上的决定的时候，您考虑了些什么？

您为什么认为您的决定是个正确的决定？

8. 你的一个朋友是一家小型私有企业的老板。今天，他打电话问你是否有一份商业用软件，他认为此软件会对他将来的生意带来很大的帮助。你正好在上个月买了这份软件，零售价值4000元。他告诉你因为最近他在资金上有一些问题，所以能否向你借用这软件并且复制一下。你马上同意了把这份软件借给他。

强烈同意**同意****不同意****强烈不同意****没有意见**

1 _____ 2 _____ 3 _____ 4 _____ 5

当您在做以上的决定的时候，您考虑了些什么？

您为什么认为您的决定是个正确的决定？

9. 你在一家大型建筑公司工作。最近，你发现你的一名很有经验的员工在私下拿了一些公司的库存。你的第一反应是把他的行为报告给有关部门听。你知道这样一来的话他很有可能会被解雇。这名员工实际上对你和你的公司很有价值，他从公司所拿走的东西其实并不是很大。所以说你决定不把他所干的事公之于众。

强烈同意**同意****不同意****强烈不同意****没有意见**

1 _____ 2 _____ 3 _____ 4 _____ 5

当您在做以上的决定的时候，您考虑了些什么？

您为什么认为您的决定是个正确的决定？

10. 在你刚被调到你公司的一家分支工作的第一个星期，你就察觉到在当地如果你不付一些回扣给你客户的话会对你公司的生意不利。事情果然不出所料，在你没有得到你客户强烈支持的情况下，你第一和第二个月的销售和其他分支相比起来很不理想。虽然你知道你的总部对请客送礼有特别规定，但是在第三个月你还是决定叫你最信任的一名经销商采用一些当地的手段去为你打通所有的市场渠道。

强烈同意

同意

不同意

强烈不同意

没有意见

1

2

3

4

5

当您在做以上的决定的时候，您考虑了些什么？

您为什么认为您的决定是个正确的决定？

第二部分: 个人资料

声明：这份调查问卷严格按照了学术界所制定的道德规章制度来审查其每一个环节的操作情况。问卷的每一个部分都是以匿名行式来执行。本研究不会将您的个人信息泄露给您的公司。您所提供的信息会被严密的保存起来。本研究不会向外发表任何能辨认出您个人或您公司的信息。

指示: 请根据您的实际情况填写下列问题。

1. 您的年龄：
2. 您的性别：
3. 您的籍贯：
4. 民族：
5. 您所受过的最高的教育。请在符合您情况的方框中打‘X’。

初中		大学本科	
职校		硕士	
高中		博士	
大专		其它（请注明）	

6. 您公司是处在哪个工业？请在符合您公司情况的方框中打‘X’。

大批量生产制造业		交通/公共事业	
矿产/勘探业		广告/公关/媒体业	
建筑/土木工程业		宾馆/消遣娱乐业	
零售/批发业		银行/投资/保险业	
商业服务业		出口/进口业	
管理咨询服务业		其它(请注明)	

7. 您现在工作的范围。请在符合您情况的方框中打‘X’。

市场/销售		综合管理	
金融/帐务		人力资源	
生产		工程学	
计算机		其它(请注明)	

8. 请在下列符合您情况的空格中打

‘X’。并且请您在最后一列空格中填入您在此工作岗位工作的年数。

工作的年数

我是/以前是一名驻英英籍经理。		
我是/以前是一名驻英华籍外派经理。		
我是/以前是一名驻华华籍经理。		
我是/以前是一名驻华英籍外派经理。		

9. 请您在下列空格中填入您现在所处的职位 (例如：董事长/总经理/高级经理/中级或低级经理/监督)

10. 您现在在哪里工作? (例如：城市/地区/国家)

11. 请您回答下面的问题，并且在下列符合您情况的方框中打‘X’。

当您在工作时要作出重要决定的时候，您是否会依赖您的精神信仰或者宗教信仰？

从来不依赖精神

一直依赖精神

或宗教信仰

1 2 3 4 5 6

或宗教信仰

--	--	--	--	--	--

12. 您是否是宗教团体的成员？请在下列符合您情况的方框中打‘X’。

☐ 是 / 不是 ☐

如果你选择‘是’的话，请在下列符合您情况的方框中打‘X’。

基督教		佛教		伊斯兰教	
道教		印度教		犹太教	
其它宗教 (请注明)					

十分感谢您对这项研究的支持和参与。

您现在已经完成了这份问卷所有的部份。

✉ 请您将这份问卷寄回到以下的电子邮件地址：

jzhang1@glam.ac.uk

谢谢您！

Appendix 6

The postal questionnaire – part two (Chinese version)

第一部分: 人生价值观

在这份问卷的这一部分中，您要问您自己：“在我的生命中，什么样的价值对我而言最重要，什么样的价值不太重要？”

以下有两份价值观念表。这些价值观念来自不同的文化，在每一条价值观念后面的括号中是其解释，可以帮助您理解它的含义。

✦ 请读完所给的指示和说明后再开始回答问题 ✦

您的任务是标出每一种价值观念作为您的人生准则的重要性。标准如下：

与我的价 值观相反		不重要		重要		非常 重要		极重要
-1	-----	0	-----	1	-----	2	-----	3
				4	-----	5	-----	6
								7

0 – 意味着该观念根本就不重要，与您的人生准则毫无关系。

3 – 意味着该观念重要。

6 – 意味着该观念非常重要。

数字越高 (0, 1, 2, 3, 4, 5, 6), 该价值观念作为您的人生指引就越重要。

特殊标准: *

另外，用

-1 表示与您的人生准则相反的任何观念。

7 表示您人生准则中极其重要的价值观念。

* 一般而言，大多数人最多会有两个这种特殊标准的价值观念。

✦ 请把数字 (-1, 0, 1, 2, 3, 4, 5, 6, 7) 填写在下列每个价值观前的空格内

	平等 (大家机会均等)		创造力 (独创性，想象力)
	心情安详 (内心平静)		和平世界(没有战争和冲突)
	社会权利 (控制及支配他人的一种权利)		尊重传统文化 (保留流传已久的习俗)
	愉快 (满足原望)		成熟的爱 (在情绪和精神上完善发展的爱)
	自由 (行动及思想上的自由)		自律 (自我约束，抗拒诱惑)
	精神生活 (生活中强调精神上的而非物质性的事物)		社会中的公正和公平 (纠正社会上不公平现象，扶助弱小)
	归属感 (感受到别人对自己的关心)		家庭安全 (保护自己所爱的人的安全)
	社会次序 (社会的稳定)		社会认可 (得到别人的尊重和承认)
	刺激的生活 (一些刺激兴奋的生活经历)		融入大自然
	人生意义 (人生的目的)		多姿多采的人生 (充满挑战，新奇与变化)
	礼貌 (有礼节，良好的举止)		智慧 (对人生具有一定的成熟的理解力)
	富有 (拥有金钱和物质)		权力 (有发号施令的权力或地位)
	国家安全 (保护我的国家免受敌人侵袭)		真正的友谊 (亲密无间，能支持您的朋友)
	自尊 (对自我价值的尊重)		美丽的世界 (感受大自然和艺术的美)
	礼尚往来 (不欠人情)		隐私权 (拥有属于私人空间的权力)

✦ 请把数字 (-1, 0, 1, 2, 3, 4, 5, 6, 7) 填写在下列每个价值观前的空格内

	独立 (依靠自己，自给自足)		诚实 (真实，诚恳)
	具有开阔的想法和思路 (能包容不同的想法和信仰)		保持自我公众形象 (在大众面前保持自己美好的一面)
	忠诚 (对朋友，集体忠心耿耿)		服从 (不负使命，尽忠职守)
	有抱负 (有理想，有志向，敬业)		聪明 (有逻辑思维)
	中庸 (避免极端的感情和行为)		乐意助人 (热心公益)
	接受命运的安排 (顺从人生境遇，随遇而安)		享受人生 (享受食物，性生活，闲暇和各种精神生活等)
	冒险精神 (不怕危险，勇于挑战的精神)		虔诚 (忠于宗教信仰和信念)
	保护环境(保护大自然)		有责任感 (可信赖，依靠)
	影响力 (对人和事物能起作用的力量)		好奇心 (对万物感兴趣，喜欢探索)
	尊重父母和长辈		宽宏大量 (懂得宽恕他人)
	选择自己的目标 (选择个人志向)		成功 (达到目标)
	健康 (生理和精神上的健全)		清洁 (干净，整洁)
	能干 (有才能，能胜任，高效率)		我行我素 (做自己喜欢的事情)
	谦虚 (虚心，不自满)		

第二部分：对社会问题的看法

指示：本问卷的这一部分是为了理解人们是如何考虑社会上的问题而设计的。每个人在考虑问题的对错时，都会有自己的看法。因而，这一部分的问题没有绝对正确的答案。请将您的真实想法告诉我们。

以下是一个样本：

李宏一直想买一辆车。他已经结婚了，有一个上小学的孩子。他和他妻子两人的薪水都很丰厚。买车的主要目的是为了上下班和上街购物休闲时使用，但有时候也用来驾车去旅行。在试着考虑买什么样的车的时候，李宏意识到他有很多因素要考虑。在以下的表格中列出了一些他所要考虑的因素。

如果您是李宏的话，在您决定买什么样的车的时候，以下表格中所列的因素对您来说有多重要？

以下是李宏买车时要考虑的因素。请在每个问题的前面，选择一个相应的空格，并打上‘x’。例如，如果您认为在您选择买车的时候，第一个因素对您来说不重要，那么请您就在‘不重要’这一标题下的空格中打‘x’。

如果您不能理解表格中所列的因素的意思，或者您认为所列的因素对您来说毫无意义，那么请您也在‘不重要’这一标题下的空格中打‘x’。

重要性					
很重要	挺重要	有些重要	有点重要	不重要	
				x	1. 汽车展示厅是否正好和李宏的家在一条街上。
x					2. 二手车会不会比新车更省钱。
		x			3. 车的颜色是不是李宏最喜欢的绿色。
				x	4. 李宏正在学车，他对驾车还不熟悉。
x					5. 工作的地方是否有车库。

现在，请参照以上的表格，假定您已经选出了所有六个决定因素的重要性，请您根据它们的重要性按次序排列，选出四个最重要的，并请您将它们之前的数字写在下列横线上。请参照以下的例子。

最重要：_____5_____

第二重要：_____2_____

第三重要：_____3_____

第四重要：_____1_____

(注意：因为在以上的表格中已经选了2和5作为很重要的决定因素，所以您必须从这两个中选出一个最重要的。所以说，您需要将第二和第五个问题从新再读一次，然后再决定哪个是最重要，哪个是第二重要。在以上的这个例子中，5被选为最重要的决定因素。)

案例一：王安的困境

在中国的一个中型城市里，王太太患了一种罕见的癌症。只有一种特制的中草药药品才能挽救她的生命。此中草药是被这城市里一位姓李的医生最近发明和研制的。李医生花2000元在成本上，但他要价20000元，而且只能买到一点儿。王安，患者的丈夫，已经向他们认识的所有的朋友和亲戚借了钱。但是，他只能凑够10000元。王安哀求李医生能否降低一下价格或者允许他迟些时候再付剩下的10000元，先救活他的病妻再说。但李医生说：‘不行，这是我发明并研制的特效药，我就应该从我的心血中获利！’现在，绝望的王安想到了唯一的一个办法是去李医生的家为他的妻子偷药。

王安是否应该去盗取这个药品？(请您在下列三项选择中选择一项，并在其前打‘x’)

_____应该 _____不能决定 _____不应该

请仔细阅读下列12项决定因素，在您作出以上决定的时候，在以下的12项决定因素中，哪一项是‘很重要’，‘挺重要’，‘有些重要’，‘有点重要’，还是‘不重要’的决定因素。请您在以下相应的空格中打‘x’。

重要性					
很重要	挺重要	有些重要	有点重要	不重要	
					1.社会中的法律是否重要？
					2.对于一个深爱妻子的丈夫来说，难道这种盗窃行为不是很自然吗？
					3.王安是否宁原冒着坐牢的危险也不放弃这个去偷药救妻子的机会呢？
					4.王安是否是一名职业拳击手，他对其他职业拳击手有没有较大影响？
					5.王安的行为是为了他自己还是为了帮助其他人？
					6.李医生发明和研制药品的权利是否应该受到尊重？
					7.行动之前的思考对人类来说是否是一个挑战？
					8.控制人与人之间应该如何互相对待对方的价值基础是什么？
					9.李医生是否可以从那些无用的，只保护富人利益的法律中得到保护？
					10.在这个案例中，法律是否起了阻碍作用，阻碍了社会成员的最基本的个人权利的实现。

WORKPLACE DECISION-MAKING QUESTIONNAIRE

Appendix 6

					11.是否李医生是活该被盗，因为他的贪婪和残酷？
					12.是否此案例中的盗窃情况会为整个社会带来更多的好处和利益？

现在，您已经选出了所有十二个决定因素的重要性，请您根据它们的重要性按次序排列，选出四个最重要的，并请您将它们之前的数字写在下列横线上：

最重要：_____

第二重要：_____

第三重要：_____

第四重要：_____

案例二：逃犯的困境

有一名男子犯法被判了十年刑。他在坐牢一年后成功的越了狱，并逃到了这个国家的一个偏僻的地区。他隐姓埋名，改名张伟。在接下来的八年中，他渐渐的洗心革面，历经辛苦地赚了些钱，并拥有了自己的资产和生意。他总是很公平的对待他的客户，付给他的雇员最高的薪水，还将他的大部分的赢利捐赠给慈善机构。但是，有一天，王老太太，张伟以前的老邻居，突然认出了张伟就是八年前越狱的逃犯，现在正在被警方通缉。

王老太太是否应该向警方报案，将张伟绳之以法？(请在下列三项选择中选择一项，并在其前打‘x’)

_____应该报案 _____不能决定 _____放弃报案

请仔细阅读下列12项决定因素，在您作出以上决定的时候，在以下12项决定因素中，哪一项是‘很重要’，‘挺重要’，‘有些重要’，‘有点重要’，还是‘不重要’的决定因素。请您在相应的空格中打‘x’。

重要性					
很重要	挺重要	有些重要	有点重要	不重要	
					1.张伟八年来的良好表现是否应该已经证明他不是个坏人了。
					2.每一次当有人逃避刑事惩罚时，不是只会鼓励更多的犯罪发生吗？
					3.人们是否会生活的更好，如果没有监狱和严格的法律？
					4.张伟是否已经将他所犯的错误补偿给了社会？
					5.张伟希望社会能首先认识到他的良好表现，因而能对他公平一些。社会能满足他的这一希望吗？
					6.监狱对象张伟这样一个心存善良的人来说，能有多大的好处？
					7.人们怎么能够这么残酷和毫无留情去将张伟送进监狱？
					8.如果允许张伟自由的话，对其他服满刑期的人来说，是否公平？
					9.王老太太是张伟的好朋友吗？
					10.难到这不是一名公民的责任：不管任何情况都要去向警方报告越狱犯吗？
					11.人们的愿望和公众的利益怎么才能被更好的维护？

					12.难到将张伟送入监狱会对张伟带来任何好处，或者能保护到任何人吗？
--	--	--	--	--	------------------------------------

现在，您已经选出了所有十二个决定因素的重要性，请您根据它们的重要性按次序排列，选出四个最重要的，并请您将它们之前的数字写在下列横线上：

最重要：_____

第二重要：_____

第三重要：_____

第四重要：_____

案例三：报纸困境

丁力是一所高中的高年级学生，他想办一份学生小报，从而在学生中传达一些他自己对当地一些有争议的社会问题及学校规章制度的看法。例如他反对学校禁止男生留长发的制度。

丁力办报时已经征得了他所在学校校长的同意。校长说在每次小报出版之前，只要丁力把他想要发表的文章都给校长过目并征得同意后即可出版。丁力一口答应并马上交给了校长几篇文章。校长对其都表示同意。这样，在接下来的两周里丁力印了两期小报。

校长没料到丁力的小报会受到很大的轰动。学生对此报中的观点感到很兴奋不已，并聚众抗议学校禁止男生留长发的制度和其他的一些学校制度。学生家长对这事感到很愤怒，反对丁力的文章，纷纷致电校长，称小报的言论是不对的，甚至是不爱国，根本不应该出版。在这种压力下，校长命令丁力停止出版报纸，理由是丁力的行为破坏了学校的管理制度。

校长应该停办这份报纸吗？(请在下列三项选择中选择一项，并在其前打‘x’)

_____应该停办 _____不能决定 _____不应该停办

请仔细阅读下列12项决定因素，在您作出以上决定的时候，在以下12项决定因素中，哪一项是‘很重要’，‘挺重要’，‘有些重要’，‘有点重要’，还是‘不重要’的决定因素。请您在相应的空格中打‘x’。

重要性					
很重要	挺重要	有些重要	有点重要	不重要	
					1.校长是否更应该对学生们负责，而不是家长？
					2.校长是答应了丁力小报可以被长时期发表，还是只同意了发表一刊？
					3.学生会不会因为校长停印了报纸而更加加重他们的抗议？
					4.当学校的利益受到了威胁时，校长是否有权对学生发出命令？
					5.在这个事件中，校长是否有权说‘不’？
					6.如果校长在此事中停发了小报，他还会在其他重要问题的讨论上进行阻止吗？
					7.校长的命令是否会使丁力失去对校长的信任？
					8.丁力是否真的对国忠诚，对校热爱？
					9.停印小报会对学生在分析判断能力培养有什么影响？
					10.丁力出版他自己的意见是否侵犯了他人的利益？

					11.当校长最了解学校里所发生的情况时，他是否应该受这些愤怒家长的影响？
					12.丁力是否利用报纸来激起愤怒和不满？

现在，您已经选出了所有十二个决定因素的重要性，请您根据它们的重要性按次序排列，选出四个最重要的，并请您将它们之前的数字写在下列横线上：

最重要：_____ 第二重要：_____

第三重要：_____ 第四重要：_____

第三部分: 个人资料

声明：这份调查问卷严格按照了学术界所制定的道德规章制度来审查其每一个环节的操作情况。问卷的每一个部分都是以匿名行式来执行。本研究不会将您的个人信息泄露给您的公司。您所提供的信息会被严密的保存起来。本研究不会向外发表任何能辨认出您个人或您公司的信息。

指示: 请根据您的实际情况填写下列问题。

1. 您的年龄：
2. 您的性别：
3. 您的籍贯：
4. 民族：
5. 您所受过的最高的教育。请在符合您情况的方框中打‘X’。

初中		大学本科	
职校		硕士	
高中		博士	
大专		其它（请注明）	

Appendix 6

大批量生产制造业		交通/公共事业	
矿产/勘探业		广告/公关/媒体业	
建筑/土木工程业		宾馆/消遣娱乐业	
零售/批发业		银行/投资/保险业	
商业服务业		出口/进口业	
管理咨询服务业		其它 (请注明)	

市场/销售		综合管理	
金融/帐务		人力资源	
生产		工程学	
计算机		其它(请注明)	

我是/以前是一名驻英英籍经理。		
我是/以前是一名驻英华籍外派经理。		
我是/以前是一名驻华华籍经理。		
我是/以前是一名驻华英籍外派经理。		

--

--

<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>

12. 您是否是宗教团体的成员？请在下列符合您情况的方框中打‘X’。

☐ 是 / 不是 ☐

如果你选择‘是’的话, 请在下列符合您情况的方框中打‘X’。

基督教		佛教		伊斯兰教	
道教		印度教		犹太教	
其它宗教 (请注明)					

十分感谢您对这项研究的支持和参与。

您现在已经完成了这份问卷的所有的部份。

  请您将这份问卷寄回到以下的电子邮件地址:

jzhang1@glam.ac.uk

谢谢您！

Appendix 7

Feed back from pilot studies

Overall view on the revised questionnaire

Sampling strategy and other issues

Overall Feedback from Pilot Study

1. Too long and too complicated.
2. Some grammatical mistakes.

✓ **Part A: Dilemmas in the workplace**

1. Some of the respondents were not sure whether they should look at the issues from their own perspective or Frank's.
2. Some of the respondents suggested that in the first question of each scenario it was better to include scales.
3. Majority of the respondents felt they were asking for lots of information with not much space for filling in the answers between each question.
4. Some of the respondents could not clearly distinguish the differences between questions 2 & 3.
5. Another comment is that there were too many sub-questions are included in one big question.

✓ **Part B: Opinions about social problems**

1. Some of the statements in scenario 1 'whether to steal the drug' were not clear. They couldn't understand all of them.
2. Some of the respondents didn't choose the 1st & 2nd most important statements from the ones they had already ticked as having the greatest importance in the table. Rather, they chose from the statements to which they'd attached much importance and some importance. It is either because they didn't read the instruction properly or the instruction is too long (for them) to read.

✓ **Part C: Personal values**

1. The instruction seems not clear enough.
2. Respondents chose more than one of the values which are supremely important and opposed to their values. Obviously, the instruction is either not clear enough or they didn't read it properly.

3. A respondent suggested that it was better to separate this section from Part A and B.

✓ **From Researcher's point of view:**

1. It is difficult to read respondents' writing if their writing is not clear.
2. Because too many sub-questions are set together, the respondents didn't answer all the sub-questions in Part A.
3. Some of respondents didn't read the instruction properly.

Overall view on the new version of questionnaires

The new approach in researching local and expatriate managers' ethical behaviour in decision-making requires the researcher to re-design the previous questionnaire without interrupting the basic philosophical framework behind the whole research. In order to avoid the disadvantages of the previous questionnaire, especially the time issue, the researcher has decided to propose the whole research by conducting two survey questionnaires and delivering them to the respondents in two different timeframes.

1. First Questionnaire – this takes an average of about 20 - 25 minutes to complete.

In the 1st questionnaire, the researcher adopted business scenarios as a research instrument to investigate local and expatriate managers' ethical behaviour in business decision-making. The demographic information is also included in the 1st questionnaire. This questionnaire will be sent first to the respondents and is required to be completed and returned to the researcher within one month's time. The results from the 1st questionnaire will be analysed promptly after receiving them. The purpose of this process is in order to present data and findings to the companies which are taking part in this research. The answer to 'what are the differences and similarities between Chinese and British managers' ethical behaviour in decision-making?' will be discovered in this early stage of research.

Part A: Workplace decision-making (Scenarios)

✓ The changes which have been made in this section from previous version:

1. The new version of scenario contains 10 short hypothetical business situations with one Likert 5-point scale and two open-ended questions after each scenario.
2. In the new version business scenario, 'Frank' has been changed to 'You' in order to make sure that the respondents view each issue from their own perspective.

3. Researcher added Likert 5-point scales after each scenario to ask respondent's agreement on the decision in each issue. '1' = 'strongly disagree', '2' = 'moderately disagree', '3' = 'moderately agree', '4' = 'strongly agree' and '5' = 'neutral'. The reason to put 'neutral' in the last part of the scales instead of in the middle of the scale is to encourage respondents to read the first four choices and make their choices from the first four before they tick 'neutral'.
 4. The number of questions in this section has been cut down to two only. In the new version, respondents are only asked to answer two open-ended questions: 'Why would you make this decision?' and 'In making your decision, what did you consider?'
 5. The layout in this section is much clear than before.
- ✓ This section is aimed at investigating local and expatriate British and Chinese managers' ethical behaviour in decision-making.

The overall results from this section will compare two groups of manager (British and Chinese managers) to answer the main question: 'What are the differences and similarities between managers' ethical behaviour in decision-making across-nation and culture between China and the UK?' The results will be further investigated to answer the questions such as 'why they are different?', 'what cause(s) the differences?'

Part B: Demographic Information

- ✓ Some minor changes have been made in this section.

Age, gender, nationality, work experience, education, current level of employment, organisation type and religious affiliation will be treated as separated issues relating to respondents' ethical behaviour.

The findings from the first questionnaire also will raise some interesting questions: ‘To what extent would these differences and similarities in ethical behaviour be among these two groups of managers?’ and ‘What cause(s) these differences and similarities?’ Therefore, a further step is taken in questionnaire 2 of this research in searching the answers to fully understand the above questions.

2. Second Questionnaire - takes an average of about 20 - 25 minutes to complete.

The researcher decided to use cross-checking research methods in questionnaire 2 by adopting different research instruments compared to questionnaire 1. The purpose is to have in-depth research in investigating the judgement and motivational part of the moral behaviour of each group of managers. The 2nd questionnaire will only be sent to the respondents who returned the 1st questionnaire. Because the 2nd questionnaire is designed for additional cross-checking and supports the findings from the 1st questionnaire, the returned 2nd questionnaire has to be matched to the 1st one from the same respondent.

Part A: Personal Values

✓ The changes which have been made in this section from previous version:

1. In the new version, the researcher has made the instruction clearer than in the last one.
2. This section has been put into the 2nd questionnaire which is separated from the business scenarios for one reason: if people have completed the parts before this section, they may be fed up and simply tick boxes quickly.

✓ This section is designed for further investigating the influences of motivational factors and culture differences on the respondents.

Part B: Moral judgement (this is called ‘opinion on social problems’ in the questionnaire)

- ✓ Defining Issue Test (DIT) is copy-righted and therefore the researcher cannot make any change on this instrument. DIT has been used in over 1000 studies. It is reliable and has its advantages in researching the individual’s moral judgment.

Sampling strategy

- ✓ Managers who have either one of the following work experiences are qualified to be selected in this research:
 1. UK-based British manager
 2. UK-based expatriate Chinese manager
 3. China-based Chinese manager
 4. China-based expatriate British manager

- ✓ In selecting managers from above position, the following issues need to be taken into consideration.
 1. Random basis: managers need to be selected on a random basis.
 2. It is required in this research that the views of respondents taking part in the questionnaire is not altered or changed in any way.
 3. The research seeks the views of an equal number of males and females if possible.
 4. Age: Aims to select respondents from a broad spread of different age groups if possible.
 5. Work experiences: Aims to select respondents who have varying lengths of work experience if possible.
 6. Level of hierarchy: Aims to select respondents from different levels of management if possible.
 7. Nationality: Chinese and British if possible.

- ✓ The total number of respondents:
 1. The higher the number of managers used in this research, the more reliable the data will be in this research. Consequently, this research can bring a better understanding of managers' ethical behaviour in decision-making to the participant companies.
 2. This research aims to acquire at least 100 responses back from the questionnaires in each company.

✓ Methods for delivering and collecting the questionnaires:

1. The best methods for delivering the questionnaires to the respondents and collecting them back in both China and the UK need to be arranged between companies and the researcher from an effective and efficient perspective.
2. In order to verify to respondents that this is independent research, all the questionnaires need to be returned directly to the researcher.

Other issues

✓ Ordering DIT

The copies of the Defining Issue Test (DIT) need to be ordered from original source (University of Minnesota, USA) at least 3 weeks before sending them to respondents. The researcher needs to confirm the final numbers of copies which are needed for the this section.

✓ Chinese-version questionnaire

The English-version questionnaire is translated into Chinese by the researcher. The Chinese-version questionnaires will be sent to the companies after the English-version is finally confirmed as satisfactory.

✓ Interviews

The researcher would be grateful if she could have the opportunity to interview the managers from the participant companies.

Appendix 8

Application for permission to use the defining issues test (DIT)

From: Zhang Y (Bus) [mailto:yzhang@glam.ac.uk]
Sent: Friday, April 08, 2005 1:06 PM
To: bebea001@umn.edu
Subject: Re: The suitable research instruments for the four moral behaviour components Dear

Dr. Bebeau,

My name is Joy. I am currently undertaking a full-time Ph.D. research under the supervision of Professor Duncan Lewis's research team at the University of Glamorgan's Business School in the United Kingdom. My research aims to investigate the differences between Chinese and British local and expatriate managers' ethical decision-making behaviours. My research also follows Rest's four-component moral behaviour model: moral sensitivity, moral judgement, moral motivation, and moral character.

Recently, I have been researching for the suitable research instruments for measuring each component, and I have been reviewing the previous studies in relating to my research. Ethical scenario and Rest's DIT are the most popular research instruments for measuring manager's ethical perception and moral development. The scenarios in these studies were all indicating the ethical problems in business. Compare to the numbers of studies have been done on the component 1 and 2, there are only small number of studies which have used separated research instruments for measuring component 3 and 4. Most of the studies only focus on either component 1 or 2.

Professor John Ford suggested me to contact the Centre for the Study of Ethical Development for the permission to use Rest's DIT in both English and Chinese version. I was really excited when I found your contact information on the website. I read the section is called 'assessment of education programs in the sciences', and you have identified several research instruments for each component in the studies of dental professions' ethical behaviour. I would be most grateful and extremely happy if you could kindly give me some suggestion and advice in terms of the suitable research instruments I can use for my research, specially component 3 and 4. Thank you very much for your time and consideration with this matter. I look forward to hearing from you.

Kind regards,
Joy Zhang
Doctorial candidate

*From: Muriel J. Bebeau [bebea001@umn.edu]
Sent: 08 April 2005 20:38
To: Zhang Y (Bus)
Subject: RE: The suitable research instruments for the four moral behaviour components*

I am referring you to my research assistant, Di You. She can answer most of your questions. Typically measures of components other than moral judgment are profession specific measures. One would have to devise measures using these as models. Di can tell you more about Chinese versions of the test. Best wishes on your research.

Mickey Bebeau, Muriel J. Bebeau, Ph.D.,
Professor, Department of Preventive Sciences

*From: Di You [youx0021@umn.edu]
Sent: 14 July 2005 20:07
To: Zhang Y (Bus); youx0021@umn.edu
Subject: DIT*

Hi,

If I understand you correctly, you want to know if we have Chinese version of DIT. The Center owns the copyright of the English version of DITs but the translators own the translated versions. You need to contact the translators to get their permission to use them. Here is the info:

Dr. Louis Gendron, S.J. (Short Form)
Faculty of Theology
Fujen Catholic University
Hsinchuang, Taipei Hsien, Taiwan

Dr. Hing Keung MA (DIT1)
Department of Psychology
Chinese University of Hong Kong
Shatin, NT Hong Kong

If you decide to translate them yourself, please contact me and I will send you the translation agreement. As for your second question, we don't have electronic version of DITs. Lastly, since you are in UK, my guess is that you need to give it two weeks for the turn around time. Thank you.

Di You
Research Assistant
Center for the Study of Ethical Development

On 15 Jul 2005, Zhang Y (Bus) wrote:

Hello Di You,

Thank you very much for your quick reply. I am quite happy to translate it myself into Chinese. Could you please send me the translation agreement? Also, is it possible if I use my own laptop to tap the translated Chinese version DIT into Microsoft Office Word and send the Chinese version DIT to my Chinese respondents via email? Then they can fill their answers on the electronic version DIT which I would send to them and email me back. I have attached a document as an example of electronic version of DIT which I typed it into Word myself and you will be able to fill your answers on the computer. It is American version. Because you haven't got electronic version DITs, so I wonder if I can ask your permission to type the English (UK) version DIT into Word myself to make it be electronically and send them to my British respondents. If you could kindly agree with me, then can you please send me a copy of English (UK) Version DIT (three stories) via email, fax or post. My fax number and address are showing below. I will pay for all the numbers of electronic copies which I will send to the respondents and the data analysis services you provide such as scoring, writing a report. In this case, you don't need to make the photocopies. I would be grateful if you could give me the permission for what I mentioned above, because there are 7 British MNEs which agreed to take part of my

research and they would like to complete the questionnaire via email. DIT is part of the questionnaire and the other parts in the questionnaire are all set in electronic version. I think it will be complicate for the respondents to cope if I have to ask them to complete hard copy DITs as one part of the questionnaire and send back to me by post part from the electronic ones. Again, I would be very grateful if you could help me in this special case, and thank you again for your kind advices and support. I am looking forward to hearing from you soon. Thank you very much!

With best wishes,
Jun

From: Di You [mailto:youx0021@umn.edu]=3D20
Sent: 18 July 2005 17:50
To: Zhang Y (Bus)
Subject: Re: DIT. Thanks Di You.

Hi,
 Attached is the DIT-1 translation agreement, please sign it and return it to us. As for letting participants take the DIT via email, we usually don't grant that. Please contact our director Dr. Bebeau at bebea001@umn.edu if you wish to discuss this matter further with her. Thank you.
 di

From: Zhang Y (Bus) [mailto:yzhang@glam.ac.uk]
Sent: Tuesday, July 19, 2005 9:35 AM
To: Muriel J. Bebeau
Subject: DIT

Dear Dr. Bebeau,
 This is Joy. I have contacted your research assistant Di You about using DIT in my research. But there is one issue that Di You asked me to discuss with you. The situation is that I have got 8 British MNEs which agreed to take part of my research. We have all decided to send questionnaires out to the respondents in Britain and China via email attachment and ask them to complete the questionnaire on their own computer and return back to me. But Di You told me that you haven't got electronic version DITs. I have asked the permission to translate DIT into Chinese myself. Because I need to type all the Chinese characters into my laptop by using Microsoft Office anyway, therefore, I wonder if I can ask your permission to send DIT within the questionnaires to my respondents via email attachment rather than print them out and send the paper copies. For scoring, I will purchase scoring sheets from you and transfer the data from my forms onto your forms, and then send them to you for scoring. It is the same procedure as for the paper copies. I would be very grateful if you could help me in this special case. Thank you very much. I am looking forward to hearing from you soon.

Best wishes,
 Joy

*From: Muriel J. Bebeau [bebea001@umn.edu]
Sent: 19 July 2005 17:39
To: Zhang Y (Bus)
Cc: 'Thoma, Stephen'
Subject: RE: DIT*

I am consulting with Steve Thoma on this question and will try to get back to you next week.
Thank you for your patience.

Muriel J. Bebeau, Ph.D.
Professor, Department of Preventive Sciences

On 19 Jul 2005, Zhang Y (Bus) wrote:

Hello Di,
Thank you very much. I have signed the agreement. Please find the attachment. I will purchase scoring sheets from you and transfer the data from my forms onto your forms, and then send them to you for scoring. How much does this kind of service cost?
Jun

*From: Di You [mailto:youx0021@umn.edu]=20
Sent: 19 July 2005 17:14
To: Zhang Y (Bus)
Subject: Re: DIT. Thanks Di You.*

It depends on how many you want to order.
di

On 4 Aug 2005, Zhang Y (Bus) wrote:

Hi Di,
This is Jun Zhang, from University of Glamorgan in the UK. I hope that you have received the translation agreement form which I signed and sent to you on 15th July. I will let you know how many copies of scoring sheets I need for my research soon. I would be grateful if you could please send me my copy of translation agreement in your convenience. Thank you very much.
With kind regards,
Jun

*From: Di You [youx0021@umn.edu]
Sent: 04 August 2005 17:47
To: Zhang Y (Bus)
Subject: Re: DIT. Thanks Di You.*

I already did. you should be able to receive it soon.
di

Subject: RE: DIT. Thanks Di You.
Date: Thu, 4 Jan 2007 17:07:10 -0000
From: "Zhang J \ (Bus\)" <jzhang1@glam.ac.uk>
To: "Di You" <youx0021@umn.edu>

Dear Di You,
How are you? It's Jun who asked permission to use DIT from your centre in August 2005. Hope you had a nice Christmas and New Year holiday. I have completed data gathering and now I am about to analysis all the data from questionnaires and interviews. I am very happy to purchase the service from your centre. Could I please order 83 scoring sheets from you? Could you please also let me know the total price include scoring and writing a report, etc.? Thank you very much. I look forward to hearing from you.
Kind regards,
Jun Zhang

From: Chu-Ting Chung [chung162@umn.edu]
Sent: 08 January 2007 19:59
To: Zhang J (Bus)
Cc: 5261Yukiko
Subject: Fwd: RE: DIT. Thanks Di You.

Hello Jun,
Di left the center, thus I'm taking of her job right now. Regarding your question on the order of scoring answer sheets, our center only sell a complete set of the DIT (DIT-1/ DIT-2). For example, each complete set of the DIT-2 includes answer sheets, booklets, an DIT-2 guide, first-time scoring service, and a hard copy of report. Besides, our center provides the electronic answer sheets for the translation scoring. If you're using the translation version, the electronic answer sheets will be more appropriate way for scoring. I'll reply you the amount for electronic scoring service with the quantity of 83, once I get the response from our scoring consultant.
Thank you.
Regards, Ting

On Jan 10 2007, Zhang J (Bus) wrote:

Hi Ting, The quantity is 77. As I said in the previous email, I would like to purchase complete set of service. I look forward to hearing from you. Thanks. Jun

From: Chu-Ting Chung [chung162@umn.edu]
Sent: 10 January 2007 18:30
To: Zhang J (Bus)
Subject: RE: RE: DIT. Thanks Di You.
Attachments: Order Form.doc

Hi Jun, Attached is the order form. Please fill out the form and email it back. Thank you for ordering our DIT test.
Best, Ting

On Jan 11 2007, Zhang J (Bus) wrote:

Hi Ting,

Thank you very much for this. Please find attached order form. There Is no price sheet for DIT 2. Could you please give me a price for DIT 2 for the quantity of 77? Also just double check with you that Henze and drug, news paper and escape prisoner is DIT 2? Do you only accept cheque or if I can pay by credit card? Thanks again for your time. I look forward to hearing from you.
Jun

From: Chu-Ting Chung [mailto:chung162@umn.edu]

Sent: 11 January 2007 19:50

To: Zhang J (Bus)

Cc: 5261Yukiko

Subject: RE: RE: DIT. Thanks Di You.

Hello Jun,

You're very welcome. Before I accept your order form, I would like to make sure which version of DIT(DIT 1/ DIT 2) you want to purchase? Meantime, please notice that the 3 texts, Henze and drug, News paper and Escape prisoner, are NOT in DIT 2 test, but they are actually the first 3 stories in the DIT 1 test. A set of DIT 1 test includes an instruction booklet(SIX stories inside), an answer sheet, a DIT 1 guide, and a supplement to DIT 1 guide. The difference between a short form of the DIT 1 test and the complete form is that the short form only use the first 3 stories (HEINZ, ESCAPED PRISONER, NEWSPAPER). Consequently, the reliability of the test would be decreased if you use only the 3 stories of DIT 1 test. Concerning the DIT 2, a set of DIT 2 test includes an instruction booklet(five stories inside), an answer sheet, and a DIT 2 guide. The difference between the DIT 1 and DIT 2 are that: First, stories in the DIT-2 is more up-to-date. Second, there are 5 stories in the DIT 2, 6 stories in the complete form of the DIT 1, and 3 stories in the short form of the DIT 1. Please notice that the reliability of the test would be decreased if you only use the 3 stories--the short form of the DIT-1 test. Please let me know your decision.

Thank you.

Sincerely,

Ting

On Jan 15 2007, Zhang J (Bus) wrote:

Hi Ting,

Thank you very much for explaining this to me. I thought about this. The reason for me to choose the 3 stories--the short form of the DIT-1 test is because DIT is only a part of my questionnaire. The questionnaire is already very lengthy. I had to separate it into two parts. It takes 30-45 minutes to complete each part. If I use 5-story or 6-story DIT, it would take too long for respondents to complete the whole questionnaire. I know it will decrease the reliability, but I have to use the 3-story one. It has been adopted by business researchers in the field. So my decision is the 3 stories--the short form of the DIT-1 test. Thank you Ting. I look forward to hearing from you.

Jun

*From: Chu-Ting Chung [mailto:chung162@umn.edu]
Sent: 15 January 2007 19:46
To: Zhang J (Bus)
Subject: RE: RE: DIT.*

Hi Jun,
Thank you for letting me know that you'd like to purchase the DIT-1. For that today is the holiday of the Martin Luther King day, I'm not on campus now. Tomorrow, I'll email you the order form for double checking. Thank you.
Sincerely,
Ting

On Jan 16 2007, Zhang J (Bus) wrote:

Ok then. Have a nice day.
Jun

*From: Chu-Ting Chung [chung162@umn.edu]
Sent: 16 January 2007 16:46
To: Zhang J (Bus)
Subject: RE: RE: DIT.
Attachments: 01.16.07 Jun_DIT Order Form.doc*

Hello Jun,
Attached is your order form. I am waiting for your confirmation. Here is the information about the price, please go to this web page,
<http://www.centerforthestudyofethicaldevelopment.net/Price%20Sheet%20for%20DITs.htm>.
Regarding the payment, I will send you an invoice along with the DIT material. So, you can write us a check with the amount on the invoice, when you receive the DIT. If you have further questions, please feel free to contact me.
Sincerely,
Ting

On Jan 17 2007, Zhang J (Bus) wrote:

Hi Ting,
Thank you very much. Please find attached order form. The other thing I would like to ask you is how you present the results/findings in the DIT report. Do you give individual findings of individual respondents or finding of the whole group? In my case, I would like to see the results of two groups, Chinese and British. I aim to compare Chinese managers' DIT with British managers', and see if there are any difference or similarity. I don't know if you can do that if I separate the answer sheets into two groups, Chinese and British? Thanks Ting. I look forward to hearing from you.
Kind regards,
Jun

From: Chu-Ting Chung [mailto:chung162@umn.edu]

Sent: 17 January 2007 21:28

To: Zhang J (Bus)

Cc: 5261Yukiko

Subject: RE: RE: DIT.

Dear Jun,

Thanks for sending me the order form. I'm going to process it. In your case, you can manipulate the 5 digit number to categorize your groups. Like, use the first number to distinguish the British group and Chinese group. Therefore, you can use SPSS program to conduct a statistical comparison study between different groups. In the DIT guide, the proper use of the identification number is well described on its page 2. By the way, after the DIT answer sheets were scored, the 4 scores will be provided for each individual with their 5 digital numbers and be created as the SPSS format. They are DIT schema scores (PI score, MN score and P score) and N2 score. The description of the score will be found in the DIT guide. Also, each scores possibly ranges from 0 to 100. Also the correlation between P score and N2 score will be about 0.9. In previous literature, researchers use P score or N2 score as a dependent variable. Thus, if you want to conduct a comparison study, p score or N2 score would be more helpful than PI score and MN score. If you have further questions, please let me know.

Best regards, Ting

On Jan 18 2007, Zhang J (Bus) wrote:

Hi Ting,

Thank you very much. It's very kind of you. I will ask you for advice if I have any question.

Jun

From: Chu-Ting Chung [chung162@umn.edu]

Sent: 18 January 2007 18:12

To: Zhang J (Bus)

Cc: 5261Yukiko

Subject: RE: RE: DIT.

Hello Jun,

You are welcome! The 77 copies of the DITs has been sent out today.

Sincerely,

Ting

On Feb 1 2007, Zhang J (Bus) wrote:

Hi Ting,

Thank you very much for sending DIT to me. I have received them. I will send you the cheque ASAP. Do you have a deadline for receiving the payment? Thanks. Look forward to hearing from you.

Jun

*From: Chu-Ting Chung [chung162@umn.edu]
Sent: 01 February 2007 18:13
To: Zhang J (Bus)
Subject: RE: RE: DIT.*

Hi Jun,
Thank you for letting me know you've receive the DIT. Please write us a check in 2 weeks.
Thank you for your purchase of the DIT. If you have any question, please let me know. Thank you.
Sincerely,
Ting

On Feb 13 2007, Zhang J (Bus) wrote:

Hi Ting,
How are you? I will send out the cheque tomorrow. Because of the currency exchange from GBP to US dollars, I have to specially order a cheque from the bank. It took 4-5 working days. I have just received the cheque from the bank last weekend. Hopefully you will receive it soon.
Thanks.
Jun

*From: Chu-Ting Chung [mailto:chung162@umn.edu]
Sent: 13 February 2007 16:35
To: Zhang J (Bus)
Subject: RE: RE: DIT.*

Hi Jun,
Thank you very much for updating the cheque status with me. We look forward to working with you soon in the future.
Best,
Ting

*From: Zhang J (Bus)
Sent: 13 February 2007 17:15
To: 'Chu-Ting Chung'
Subject: RE: RE: DIT.*

Thanks Ting. Jun Zhang

On Feb 15 2007, Zhang J (Bus) wrote:

Hi Ting,
I sent out the cheque yesterday. It should arrive in 5 days.
Thank you.
Jun

*From: Chu-Ting Chung [chung162@umn.edu]
Sent: 15 February 2007 17:24
To: Zhang J (Bus)
Subject: Re: FW: RE: DIT.*

Hi Jun,
Thank you very much for your payment. I will let you know when I receive your payment.
Best Regards,
Ting

*From: Chu-Ting Chung [chung162@umn.edu]
Sent: 23 February 2007 18:51
To: Zhang J (Bus)
Subject: Re: DIT.
Attachments: 02.23.07 Invoice_Jun Zhang.pdf*

Hello Jun,
Thank you very much for your payment with the amount of \$166.87 US dollars. Attached is your updated invoice. Currently, your account balance is \$0. If you need further assistance, feel free to contact me.
Best regards,
Ting

On Mar 20 2007, Zhang J (Bus) wrote:

Hi Ting,
How are you? I need to have another 17 DIT and answer sheets for my research. Do I need to order them again from you or can I photocopy them instead? If I need to order them again from you, could you please send the DIT, answer sheets and invoice to me? Thanks. I look forward to hearing from you.
Jun

*From: Chu-Ting Chung [chung162@umn.edu]
Sent: 20 March 2007 16:18
To: Zhang J (Bus)
Subject: RE: DIT.*

Hi Jun,
I'm pretty good. Thank you for the greeting. Hope you stay good as well. You don't need to fill out the order form again. Instead, can you provide your account number to me? Then, I will be able to search the database to get your shipping information. Thank you.
Ting

On Mar 20 2007, Zhang J (Bus) wrote:

Hi Ting,

Nice to hear from you. Please find attached invoice you sent me last month which includes my account number and shipping information. You only need to send me the DIT and answer sheets this time please, no need to send me the guide booklets, because I have got them already. Thanks Ting. I look forward to hearing from you.

Jun Zhang

From: Chu-Ting Chung [chung162@umn.edu]

Sent: 20 March 2007 19:35

To: Zhang J (Bus)

Subject: RE: DIT.

Hi Jun,

The center only sell a set of DIT1/DIT2. A set of 17 copies of the DIT-2 test includes 17 instruction booklets, 17 answer sheets, a DIT 2 guide, first time scoring service, and an analysis report with a floppy disk. Thus, you cannot only purchase the answer sheets from the Center. Do you want to order a whole set of DIT-2?

Yours truly,

Ting

From: Chu-Ting Chung [mailto:chung162@umn.edu]

Sent: 21 March 2007 20:02

To: Zhang J (Bus)

Subject: RE: DIT.

Hi Jun,

Do you want to order a set of 17 copies of DIT-2? As I mentioned in last mail, the Center cannot sell answer sheets separately. Please let me know your final decision. Thank you.

Yours truly,

Ting

On Mar 22 2007, Zhang J (Bus) wrote:

Hi Ting,

I've just got your email. I am sorry that I didn't explain it properly. I meant I would pay for the cost of all the material, but because I've already got the DIT guide so you don't need to send it to me again, save you a copy. Anyway, I shouldn't make things too complicated. Sorry about that. Could you please make it to 20 copies? So please send me a set of 20 copies of DIT-2. I think this is the final number. Thanks very much for your kind help. Look forward to hearing from you.

Jun Zhang

*From: Chu-Ting Chung [chung162@umn.edu]
Sent: 22 March 2007 16:02
To: Zhang J (Bus)
Subject: RE: DIT.*

Hi Jun, Thank you very much for your explanation. No problem, I will send out 20 copies of DITs to you. Best regards, Ting

*From: Chu-Ting Chung [mailto:chung162@umn.edu]
Sent: 23 March 2007 17:50
To: Zhang J (Bus)
Subject: RE: DIT.*

Dear Jun, Thank you for the clarification. Ting

On Apr 20 2007, Zhang J (Bus) wrote:

Hi Ting,
I hope you have received the second cheque I sent to you. Could you please let me know if you haven't? I am sorry to hear what happened to VT few days ago. I was shocked by what happened. I am sure you felt the same. Hope everything is fine with you. Thanks very much.
Jun Zhang

*From: Chu-Ting Chung [chung162@umn.edu]
Sent: 20 April 2007 19:42
To: Zhang J (Bus)
Subject: RE: DIT.*

Hi Jun,
After I double checked my data base, it shows your bill has not been paid yet. I will get you back later when I receive your payment. Thank you for asking.
Ting

*From: Chu-Ting Chung [chung162@umn.edu]
Sent: 24 April 2007 19:56
To: Zhang J (Bus)
Subject: RE: DIT.*

Hi Jun,
The Center has received your check today. Thank you very much for your payment. Have a nice day.
Yours truly,
Ting

Appendix 9

Permission for using PVS

From: Shalom Schwartz [msshach@mssc.huji.ac.il]
Sent: 08 April 2005 13:30
To: Zhang Y (Bus)
Subject: Re: Schwartz value survey
Attachments: biblioindval.doc; Scoring&ScalingSVS57 Ind.doc;
SVS57ENG..doc; SVS57Chinese+1 Traditional.doc;
SVS57Chinese+1 simplified.doc; ATT21695435.txt;
ATT21695436.htm

See attached instrument. I am delighted to see this applied in the context of Rest's model. The first research I did during my PhD years involved moral decision-making using Kohlberg. I then argued for the importance of moral motivation to convert judgment into action. It has been 40 years since I did that work.

You will find both English and Chinese versions and a scoring key. Note the Chinese has an extra value. I also provide a bibliography of work with the values theory to understand individual differences in behavior. You should study the major references.

Cordially, Shalom

Appendix 10

Application and permission to use business scenarios

From: Gael McDonald [mailto:gmcDonald@unitec.ac.nz]
Sent: 12 April 2005 04:46
To: Zhang Y (Bus)
Subject: Re: permission to use the research instrument in 'Ethical Perceptions of Expatriate and Local manage'

Joy

Thank you for your interest in my research and particularly the paper on Ethical Perceptions of Ex-patriate and Local Managers in Hong Kong.

I have a copy of the research questionnaire, regrettably only in hard copy. If you could provide your postal address, I am happy to forward it to you. On reflection, I think I would have changed some of the ethical scenarios, so don't feel too tied to it. I don't believe there to be any problem in translating it into Chinese. Given the similarities of our research, I would be delighted to be kept up to date with your work.

Regards,
Gael

Dr Gael McDonald
Professor of Business Ethics
Vice-President, International
Acting Vice-President, Research & Development Unitec New Zealand Private Bag
92 025 AUCKLAND, NEW ZEALAND
Entry 1, Carrington Road
Point Chevalier, Auckland
Building 9, Room 1087

"Zhang Y (Bus)" <y Zhang@glam.ac.uk> 19/04/2005 22:02:00

Dear Professor McDonald,

This is Joy. Thank you for your kind support. It is very nice of you to provide the copy of questionnaire. So far, I have had 6 British MNEs which agreed to support my research. Therefore, I should be able to start doing questionnaires in this summer. I will keep in touch with you. Thank you once again for the kind help.

My post address is:
Jun Zhang,
H225, Business School,
University of Glamorgan,
Treforest,
Wales,
CF37 1DL,
U.K.

Kind regards,
Joy

From: Gael McDonald [gmcdonald@unitec.ac.nz]

Sent: 20 April 2005 00:26

To: Zhang Y (Bus)

Subject: RE: permission to use the research instrument in 'Ethical Perceptions of Expatriate and Local manage'

Hi Joy, will put a copy of the research instrument in the mail to you today. Great that you have 6 British multi nationals which have agreed to support your research. That is fantastic!

Gael

Dr Gael McDonald

Professor of Business Ethics

Vice-President, International Acting Vice-President, Research & Development Unitec

New Zealand Private Bag

92 025 AUCKLAND, NEW ZEALAND

Appendix 11

Application and permission for interview questions

Zhang Y (Bus) wrote:

Dear Professor Derry,

I am currently undertaking full-time Ph.D. research under the supervision of Dr. Duncan Lewis's research team at the University of Glamorgan's Business School in the United Kingdom. My research aims to explain moral and ethical decision-making behaviours between expatriate and local British and Chinese managers, and to explore the causes and outcomes of any likely change in the moral and ethical behaviour of them by investigating how an individual's moral behaviour is affected by different cultures and ethical principles, and also by investigating the influence of competing values on an individual's moral behaviour. This study also focuses on the development of an individual's morality to explain the moral development process.

I have been looking for suitable research instruments for my research. Your (1989)'s study 'An empirical study of moral reasoning among managers' has been referenced by many articles in business ethics, which used open-ended and semi-structured interview to investigate respondents' actual moral conflicts faced at work and described the conflict. I believe that your study can help me to investigate the moral reasoning between expatriate and local British and Chinese managers.

In order to achieve the objectives of my research, I would be most grateful if you could kindly to supply a copy of the interview questions from your study and authorise the permission for my use. I would also like to ask you whether there is any charge for it; and whether you would be happy if I have it slightly changed. Please accept my gratitude in anticipation of your help, without which the continuation of this research would not be possible. Thank you for your time and consideration with this matter.

Yours sincerely,
Joy Zhang
Doctoral Candidate

From: Robbin Derry [RobbinDerry@portageway.com]
Sent: 30 January 2005 21:54
To: Zhang Y (Bus)
Cc: r-derry
Subject: Re: permission for using the interview questions from your (1989)'s study

Hi Joy,
I'd be happy to have you use and adapt the instrument that I used for my PhD study and will certainly send you a copy of the questions I used. I'm at home now, and probably have what you need at school, so I'm copying myself at my work email and will see what I can find to send you to. Meanwhile, why don't you write me at the northwestern address and tell me what articles of mine you have found so far about this study. Then I'll know what to send you that you don't already have. If you have nothing I'll start from scratch. I don't have e copies since that was before I was keeping e files for articles. But I can certainly send you hard copies.

Sincerely,
Robbin Derry

Appendix 12

Interview questions

Confidential issues to be mentioned first
Can you tell me little bit about yourself and your professional background?
Many people have had the experience of being in situations where they had to make a decision but were not sure what the right thing to do was. What is your view of right or wrong? What is your understanding of morality?
Moral questions in personal life
What sorts of moral issues are you sensitive to (concern you) in your personal life (outside of the workplace) in general?
From the moral issues you have identified in your personal life in general,
Can you please give me an example where you actually experienced a decision present you a moral dilemma that you were not sure what the right thing to do was?
Please explain the nature of the situation / dilemma.
What did you decide to do?
Why did you take this decision?
In thinking about what to do, what did you consider?
What influences you in making your decision?
What did you think about your decision? Why?
Moral questions in work place
What is like to work here? Can you tell me little bit about your organisation?
What sorts of moral issues are you sensitive to (concern you) in workplace in general?
From the moral issue(s) you have identified in your workplace in general.
Can you please give me an example where you actually experienced a decision present you a moral dilemma that you were not sure what the right thing to do was? (I would like you to select only one where you actually experienced moral dilemma over the choices you make.)
Please explain the nature of the situation / dilemma.
What did you decide to do?
Why did you take this decision?
In thinking about what to do, what did you consider?
What influences you in making your decision?
What did you think about your decision? Why?

这项研究严格按照英国学术界所制定的道德规章制度来审查其每一个环节的操作情况。问卷的每一个部分都是以匿名行式来执行。除了研究人员本人之外被采访人个人所提供的信息不会被告之于其公司和其他人。被采访人所提供的所有的信息会被严密的保存起来。本研究不会向外发表任何能辨认出被采访人或其公司的信息。

首先, 请你简单的介绍一下你自己和你所从事的工作?

你是怎么理解什么是对与错 / 你的个人准则去判断对与错?

你是怎么理解什么是道德和不道德 / 如何判断道德和不道德?

个人生活中的道德问题

在和你个人生活有关的事情中, 或从发生在你个人生活周围的事/现象/行为中, 哪一些你认为与**道德**有关连的事使你特别敏感 / 使你担心 / 影响你 / 你认为特别重要?

从你所说的这些与道德有关的例子中, 请你选出一个例子, 在你做决定的时候, 你曾经亲身经历过一种困境. 在这种困境中, 你觉得很难作出一个正确的决定. 你会想到这样做是不是道德, 或对不对? 请你解释以下这个你亲身经历过的事 / 情景.

你最后决定了怎么做?

你为什么做出了这个决定?

当你在想怎么做出正确决定的时候, 你考虑了些什么?

什么因素在你做决定的时候影响了你的最终决定?

你是怎么认为你的决定的?

工作场所中的道德问题

在这里工作你觉得怎么样? 告诉我一些关于你公司的情况(公司企业文化, 制度).

在和你工作有关的事情中, 或从发生在你工作周围的事/现象/行为中, 哪一些你认为与**道德**有关连的事使你特别敏感 / 使你担心 / 影响你 / 你认为特别重要? 哪一些会使你想到...喔... 这件事是不是道德, 或对不对?

从你所说的这些与道德有关的例子中, 请你选出一个例子, 在你做决定的时候, 你曾经亲身经历过一种困境. 在这种困境中, 你觉得很难作出一个正确的决定. 你会想到这样做是不是道德, 或对不对? 请你解释以下这个你亲身经历过的事 / 情景.

你最后决定了怎么做?

你为什么做出了这个决定?

当你在想怎么做出正确决定的时候, 你考虑了些什么?

什么因素在你做决定的时候影响了你的最终决定?

你是怎么认为你的决定的?

Appendix 13

Kohlberg's moral development stages
&
Schwartz's personal value items

Kohlberg's Six Stages of Moral Judgement

Level of stage	Content of stage		
	What is right	Reasons for doing right	Socio-moral perspective of stage
Level 1 Pre-conventional Stage 1 Heteronomous morality	To avoid breaking rules backed by punishment obedience for its own sake, and avoiding physical damage to persons and property	Avoidance of punishment and the superior power of authorities.	Egocentric point of view. Doesn't consider the interests of others or recognise that they different from the actor's, doesn't relate two points of view. actions are considered physically rather than in terms of psychological interests of others. Confusion of authority's perspective with one's own.
Stage 2 Individualism, instrumental purpose, and exchange	Following rules only when it is to someone's own interests and needs and letting others do the same. Right is also what's fair, what's an equal exchange, a deal, an agreement	To serve one's own needs or interests in a world where you have to recognise that other people have their interests, too.	Concrete individualistic perspective. Aware that every body has his own interests to pursue and these conflict, so that right is relative (in the concrete individualistic sense).
Level 2 Conventional Stage 3 Mutual interpersonal expectations, relationships, and interpersonal conformity	Living up to what is expected by people close to you or what people generally expect of people in your role as son, brother, friend, etc. "Being good" is important and means having good motives, Showing concern about others. It also means keeping mutual relationships, such as trust, loyalty, respect, and gratitude.	The need to be a good person in your own eyes and those of others. Your caring for others. Belief in Golden Rules. Desire to maintain rules and authority which support stereotypical good behaviour.	Perspective of the individual in relationships with other individuals. Aware of shared feelings, agreements, and expectations which take primacy over individual interests. Related points of view through the concrete Golden Rule, putting yourself in the other guy's shoes. Does not yet consider generalised system perspective.
Stage 4 Social system and conscience	Fulfilling the actual duties to which you have agreed Laws are to by upheld except in extreme cases where they conflict with other fixed social duties. Right is also contributing to society, the group, or institution.	To keep the institution going as a whole, to avoid the breakdown in the system "if everyone did it," or the imperative of conscience to meet one's defined obligations.	Differentiates societal point of view from interpersonal agreement or motives. Takes the point of view of the system that defines roles and rules. Considers individual relations in terms of place in the system.
Level 3 Post-conventional or principled: Stage 5 Social contract or utility and individual rights	Being aware that people hold a variety of values and opinions, that most values and rules are relative to your group. These relative rules should usually be upheld, however, in the interest of impartiality and because they are the social contract. Some nonrelative values and rights like life and liberty, however, must be upheld in any society and regardless of majority opinion.	A sense of obligation to law because of one's social contract to make and abide by laws for the welfare of all and for the protection of all people's rights. A feeling of contractual commitment, freely entered upon, to family, friendship, trust and work obligations. Concern that laws and duties be based on rational calculation of overall utility, "the greatest good for the greatest number."	Prior-to-society perspective. Perspective of a rational individual aware of values and rights prior to social attachments and contracts. Integrates perspectives by formal mechanisms of agreement, contract, objective impartiality, and due process. Considers moral and legal points of view; recognises that they sometimes conflict and finds it difficult to integrate them.

Stage 6 Universal ethical principles	Following self-chosen ethical principles. Particular laws or social agreements are usually valid because they rest on such principles. When laws violate these principles, one acts in accordance with the principle. Principles are universal principles of justice: the equality of human rights and respect for the dignity of human beings as individual persons.	The belief as a rational person in the validity of universal moral principles, and a sense of personal commitment to them	Perspective of a moral point of view from which social arrangements derive. Perspective is that of any rational individual recognising the nature of morality or the fact that persons are ends in themselves and must be treated as such.
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Source: Kohlberg (1976)

Schwartz's Four Value Orientation, Ten Value Types and 56 Value Items

Self-transcendence	Self-enhancement	Openness	Conservation
<u>1. Universalism</u> Protecting the environment A world of beauty Unity with nature Broad-minded Social justice Wisdom Equality A world at peace Inner harmony <u>2. Benevolence</u> Helpful Honest Forgiving Loyal Responsible True friendship A spiritual life Mature love Meaning in life	<u>3. Power</u> Social power Authority Wealth Social recognition Preserving my public image <u>4. Achievement</u> Successful Capable Ambitious Influential Intelligent Self-respect	<u>5. Self-direction</u> Creativity Curious Freedom Choosing own goals Independent <u>6. Stimulation</u> Daring A varied life An exciting life <u>7. Hedonism</u> Pleasure Enjoying life	<u>8. Tradition</u> Devout Respect for tradition Humble Moderate Detachment Accepting portion in life <u>9. Conformity</u> Politeness Honouring parents and elders Obedient Self-discipline <u>10. Security</u> Clean National Security Social order Family security Sense of belonging Reciprocation of favours Healthy

Appendix 14

Results from the DIT

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Nationality * CMD	87	100.0%	0	.0%	87	100.0%

Nationality * CMD Crosstabulation

			CMD			
			Stage2/3	Stage4	Stage5/6	Total
Nationality	Chinese	Count	7	33	5	45
		% within Nationality	15.6%	73.3%	11.1%	100.0%
		% within CMD	50.0%	66.0%	21.7%	51.7%
		% of Total	8.0%	37.9%	5.7%	51.7%
	British	Count	7	17	18	42
		% within Nationality	16.7%	40.5%	42.9%	100.0%
		% within CMD	50.0%	34.0%	78.3%	48.3%
		% of Total	8.0%	19.5%	20.7%	48.3%
	Total	Count	14	50	23	87
		% within Nationality	16.1%	57.5%	26.4%	100.0%
		% within CMD	100.0%	100.0%	100.0%	100.0%
		% of Total	16.1%	57.5%	26.4%	100.0%

Group Statistics

	Nationality	N	Mean	Std. Deviation	Std. Error Mean
Stage2and3	Chinese	45	21.9287	15.95926	2.37907
	British	42	24.5048	13.37531	2.06386
Stage4	Chinese	45	44.9367	18.40918	2.74428
	British	42	34.0281	15.08845	2.32820
Stage5and6	Chinese	45	20.8676	12.69521	1.89249
	British	42	34.6024	18.36395	2.83362

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	99% Confidence Interval of the Difference	
									Lower	Upper
Stage2and3	Equal variances assumed	.848	.360	-.813	85	.419	-2.57610	3.16878	-10.92557	5.77338
	Equal variances not assumed			-.818	84.056	.416	-2.57610	3.14952	-10.87694	5.72474
Stage4	Equal variances assumed	1.987	.162	3.010	85	.003	10.90857	3.62356	1.36079	20.45635
	Equal variances not assumed			3.031	83.635	.003	10.90857	3.59883	1.42242	20.39472
Stage5and6	Equal variances assumed	8.313	.005	-4.081	85	.000	-13.73483	3.36573	-22.60324	-4.86641
	Equal variances not assumed			-4.031	72.325	.000	-13.73483	3.40748	-22.74941	-4.72024

Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Stage2and3	87	23.1723	14.74029	.00	70.00
Stage4	87	39.6705	17.66310	.00	73.33
Stage5and6	87	27.4982	17.05538	.00	70.00
Nationality	87	1.48	.503	1	2

Mann-Whitney Test

Ranks

	Nationality	N	Mean Rank	Sum of Ranks
Stage2and3	Chinese	45	40.92	1841.50
	British	42	47.30	1986.50
	Total	87		
Stage4	Chinese	45	51.89	2335.00
	British	42	35.55	1493.00
	Total	87		
Stage5and6	Chinese	45	34.89	1570.00
	British	42	53.76	2258.00
	Total	87		

Test Statistics^a

	Stage2and3	Stage4	Stage5and6
Mann-Whitney U	806.500	590.000	535.000
Wilcoxon W	1841.500	1493.000	1570.000
Z	-1.180	-3.021	-3.492
Asymp. Sig. (2-tailed)	.238	.003	.000
Exact Sig. (2-tailed)	.240	.002	.000
Exact Sig. (1-tailed)	.120	.001	.000
Point Probability	.001	.000	.000

a. Grouping Variable: Nationality

Appendix 15

Results from the PVS

Test Statistics^a

	V1Conformity	V2Tradition	V3Benevolence	V4Universalism	V5SelfDirection	V6Stimulation	V7Hedonism	V8Achievement	V9Power	V10Security
Mann-Whitney U	760.000	816.000	946.000	829.000	900.000	521.000	759.500	878.500	564.000	942.500
Wilcoxon W	1706.000	1762.000	2171.000	2054.000	2125.000	1746.000	1984.500	2103.500	1510.000	1888.500
Z	-2.297	-1.859	-.841	-1.757	-1.201	-4.167	-2.301	-1.370	-3.831	-.869
Asymp. Sig. (2-tailed)	.022	.063	.400	.079	.230	.000	.021	.171	.000	.385
Exact Sig. (2-tailed)	.021	.063	.403	.079	.232	.000	.021	.172	.000	.388
Exact Sig. (1-tailed)	.011	.032	.202	.040	.116	.000	.011	.086	.000	.194
Point Probability	.000	.000	.001	.000	.001	.000	.000	.001	.000	.001

a. Grouping Variable: Category

Keying of SVS Ten Individual Level Value Scales

<u>Value</u>	<u>SVS items</u>
Conformity	11,20,40,47
Tradition	18,32,36,44,51,
Benevolence	33,45,49,52,54
Universalism	1,17,24,26,29,30,35,38
Self-Direction	5,16,31,41,53
Stimulation	9,25,37
Hedonism	4,50,57
Achievement	34,39,43,55
Power	3,12,27,46
Security	8,13,15,22,56

The score for each value is the mean of the ratings given to the items listed above for that value. Note, however, that for most purposes it is necessary to make a correction for individual differences in use of the response scale. The next page provides instructions for making the correction. **Failure to make the necessary scale use correction typically leads to mistaken conclusions!**

Scale Use Correction for the 56 or 57 item SVS

Individuals and cultural groups differ in their use of the response scale.¹ When treating value priorities either as independent or as dependent variables, it is necessary to correct for scale use. In such analyses, scale use differences often distort findings and lead to incorrect conclusions.² Follow the appropriate instructions below to correct for scale use.

1. For correlation analyses:

- A. Compute each individual's total score on all value items and divide by the total number of items (56 or 57). I call this the MRAT.³
- B1. Center scores of each of the items for an individual around that individual's MRAT. Then compute scores for the 10 values by taking the means of the centered items. Use these centered value scores in correlations.
- B2. Alternatively, use the raw scores for the 10 values, but use partial correlation to correlate them with other variables, partialing out their relations to MRAT (i.e., use MRAT as a covariate).

The two alternative methods yield virtually identical results.

2. For group mean comparisons, analysis of variance or of covariance (t- tests, ANOVA, MANOVA, ANCOVA, MANCOVA):

- A. Compute MRAT as in 1A above
- B1. Center scores for each item and compute 10 value scores as in 1B1. Then use these centered scores in the analyses.
- B2. Alternatively, use raw scores and include MRAT as a covariate (i.e., a control at the individual level) in all analyses.

The two alternative methods yield virtually identical results.

3. For regression:

- A. Compute MRAT as in 1A above.
- B. Center scores of all items and compute 10 value scores as in 1B1.
- C. Enter **up to 8** centered values as predictors in the regression.
 - 1. If all 10 values are included, the regression weights for the values will be inaccurate and uninterpretable.
 - 2. Choose the values to exclude as predictors *a priori* on theoretical grounds because they are irrelevant to the topic.
- D. Alternatively, use raw value scores as predictors, but be sure to include **at least 3** values and **no more than 8** as predictors [*Do not use MRAT in this case*]
- E. If you are interested **only** in the total variance accounted for by values, you may include all 10 as predictors in either method (do not interpret the coefficients obtained this way!).
- F. If the value is your dependent variable, use the centered value score.
- G. In publications, I strongly advise providing a table with the correlations between the values and the dependent variables in addition to any regression. Use correlations following 1B1 or 1B2, above. These correlations will aid in understanding results and reduce confusion due either to multicollinearity or to intercorrelations among the values.

4. For multidimensional scaling, canonical, discriminant, or confirmatory factor analyses:
Use raw value scores for the items or 10 value means.

5. Exploratory factor analysis is not recommended to search for factors underlying the value items. EFA is not suitable for discovering a set of relations among variables that form a circumplex, as the values data do. The first unrotated factor represents scale use or acquiescence. It is not a substantive common factor. You can obtain a crude representation of the circular structure of values using EFA by plotting the locations of the value items on factors 2 x 3 of the unrotated solution.

Footnotes

1. Schwartz, et al., (1997) examine meanings of such scale use as an individual difference variable. Smith (2004) discusses correlates of scale use differences at the level of cultures.

2. Individual differences in the mean of the 21 values are largely a scale use bias. This assertion is grounded both in theory and empirically.

A first theoretical ground is the assumption that, across the full range of value contents, everyone views values as approximately equally important. Some attribute more importance to one value, others to another. But, on average, values as a whole are of equal importance. This assumption is dependent on the further assumption that the value instrument covers all of the major types of values to which people attribute importance. Empirical evidence to support this assumption appears in Schwartz 1992, 2004. To the extent that individuals' attribute the same average importance to the full set of values, their mean score (MRAT) should be the same. Differences in individual MRATs therefore reflect scale use and not value substance. Of course, differences in MRAT may reflect some substance, but the empirical analyses suggest that substance is a much smaller component of MRAT than scale use bias is (Schwartz, et al., 1997).

A second theoretical ground is that values are of interest because they form a system of priorities that guide, influence, and are influenced by thought, feeling and action. Values do not function in isolation from one another but as systems. For example, a decision to vote for one or another party is influenced by the perceived consequences of that vote for the attainment or frustration of **multiple** values--promoting equality or freedom of expression versus social power or tradition. It is the trade-off among the relevant values that affects the vote. Consequently, what is really of interest are the **priorities** among the values that form an individual's value system. Correcting for scale use with MRAT converts absolute value scores into scores that indicate the relative importance of each value in the value system, i.e., the individual's value priorities.

The empirical basis for viewing differences in MRAT as bias is the findings of many analyses (50 or so, at least) that related value priorities to other variables--attitudes, behavior, background. The associations obtained (mean differences, correlations) when using scores corrected for MRAT are consistently more supportive of hypotheses based on theorizing about how values should relate to these other variables than the associations with raw scores. Indeed, with raw scores associations sometimes reverse. In no case have raw score associations made better sense than those corrected for MRAT.

3. A more refined way to measure MRAT is possible. Separate MRATs may be calculated for each of the ten values. For this purpose, the average response on all items other than those that index a value is computed as the MRAT for each value. Scores on the items that index each of the 10 values are then centered around their own MRAT. Alternatively, the particular MRAT for each value is used as the covariate when correlating that value with other variables. Studies indicate that using this more refined method with the SVS makes virtually no difference.

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- Schwartz, S. H. (2004). Basic human values: Their content and structure across countries. In A. Tamayo & J Porto (Eds.), *Valores e trabalho* [Values and work]. Brasilia: Editora Universidade de Brasilia.
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Appendix 16

Results from business scenarios - scale

International bribery * Category of respondents Crosstabulation

			Category of respondents		
			Chinese	British	Total
International bribery	disagree	Count	24	36	60
		% within Category of respondents	45.3%	76.6%	60.0%
		% of Total	24.0%	36.0%	60.0%
	neutral	Count	2	2	4
		% within Category of respondents	3.8%	4.3%	4.0%
		% of Total	2.0%	2.0%	4.0%
	agree	Count	27	9	36
		% within Category of respondents	50.9%	19.1%	36.0%
		% of Total	27.0%	9.0%	36.0%
	Total	Count	53	47	100
		% within Category of respondents	100.0%	100.0%	100.0%
		% of Total	53.0%	47.0%	100.0%

Deceptive gaining of competitor information * Category of respondents Crosstabulation

			Category of respondents		
			Chinese	British	Total
Deceptive gaining of competitor information	disagree	Count	15	21	36
		% within Category of respondents	28.3%	44.7%	36.0%
		% of Total	15.0%	21.0%	36.0%
	neutral	Count	2	1	3
		% within Category of respondents	3.8%	2.1%	3.0%
		% of Total	2.0%	1.0%	3.0%
	agree	Count	36	25	61
		% within Category of respondents	67.9%	53.2%	61.0%
		% of Total	36.0%	25.0%	61.0%
	Total	Count	53	47	100
		% within Category of respondents	100.0%	100.0%	100.0%
		% of Total	53.0%	47.0%	100.0%

Not exposing personal error * Category of respondents Crosstabulation

			Category of respondents		
			Chinese	British	Total
Not exposing personal error	disagree	Count	52	45	97
		% within Category of respondents	98.1%	95.7%	97.0%
		% of Total	52.0%	45.0%	97.0%
	neutral	Count	1	2	3
		% within Category of respondents	1.9%	4.3%	3.0%
		% of Total	1.0%	2.0%	3.0%
	Total	Count	53	47	100
		% within Category of respondents	100.0%	100.0%	100.0%
		% of Total	53.0%	47.0%	100.0%

Nepotism * Category of respondents Crosstabulation			Category of respondents		
			Chinese	British	Total
Nepotism	disagree	Count	25	31	56
		% within Category of respondents	47.2%	66.0%	56.0%
		% of Total	25.0%	31.0%	56.0%
	neutral	Count	6	8	14
		% within Category of respondents	11.3%	17.0%	14.0%
		% of Total	6.0%	8.0%	14.0%
	agree	Count	22	8	30
		% within Category of respondents	41.5%	17.0%	30.0%
		% of Total	22.0%	8.0%	30.0%
	Total	Count	53	47	100
		% within Category of respondents	100.0%	100.0%	100.0%
		% of Total	53.0%	47.0%	100.0%

Whistle-blowing * Category of respondents Crosstabulation

			Category of respondents		
			Chinese	British	Total
Whistle-blowing	disagree	Count	21	35	56
		% within Category of respondents	39.6%	74.5%	56.0%
		% of Total	21.0%	35.0%	56.0%
	neutral	Count	5	3	8
		% within Category of respondents	9.4%	6.4%	8.0%
		% of Total	5.0%	3.0%	8.0%
	agree	Count	27	9	36
		% within Category of respondents	50.9%	19.1%	36.0%
		% of Total	27.0%	9.0%	36.0%
	Total	Count	53	47	100
		% within Category of respondents	100.0%	100.0%	100.0%
		% of Total	53.0%	47.0%	100.0%

Deceptive advertising/labeling * Category of respondents Crosstabulation			Category of respondents		
			Chinese	British	Total
Deceptive advertising/labeling	disagree	Count	27	18	45
		% within Category of respondents	50.9%	38.3%	45.0%
		% of Total	27.0%	18.0%	45.0%
	neutral	Count	10	7	17
		% within Category of respondents	18.9%	14.9%	17.0%
		% of Total	10.0%	7.0%	17.0%
	agree	Count	16	22	38
		% within Category of respondents	30.2%	46.8%	38.0%
		% of Total	16.0%	22.0%	38.0%
	Total	Count	53	47	100
		% within Category of respondents	100.0%	100.0%	100.0%
		% of Total	53.0%	47.0%	100.0%

An environmental issue * Category of respondents Crosstabulation

			Category of respondents		
			Chinese	British	Total
An environmental issue	disagree	Count	48	39	87
		% within Category of respondents	90.6%	83.0%	87.0%
		% of Total	48.0%	39.0%	87.0%
	neutral	Count	1	5	6
		% within Category of respondents	1.9%	10.6%	6.0%
		% of Total	1.0%	5.0%	6.0%
	agree	Count	4	3	7
		% within Category of respondents	7.5%	6.4%	7.0%
		% of Total	4.0%	3.0%	7.0%
	Total	Count	53	47	100
		% within Category of respondents	100.0%	100.0%	100.0%
		% of Total	53.0%	47.0%	100.0%

The infringement of copyright * Category of respondents Crosstabulation

			Category of respondents		
			Chinese	British	Total
The infringement of copyright	disagree	Count	33	31	64
		% within Category of respondents	62.3%	66.0%	64.0%
		% of Total	33.0%	31.0%	64.0%
	neutral	Count	7	2	9
		% within Category of respondents	13.2%	4.3%	9.0%
		% of Total	7.0%	2.0%	9.0%
	agree	Count	13	14	27
		% within Category of respondents	24.5%	29.8%	27.0%
		% of Total	13.0%	14.0%	27.0%
	Total	Count	53	47	100
		% within Category of respondents	100.0%	100.0%	100.0%
		% of Total	53.0%	47.0%	100.0%

Protection of a dishonest employee * Category of respondents Crosstabulation

			Category of respondents		
			Chinese	British	Total
Protection of a dishonest employee	disagree	Count	18	23	41
		% within Category of respondents	34.0%	48.9%	41.0%
		% of Total	18.0%	23.0%	41.0%
	neutral	Count	1	4	5
		% within Category of respondents	1.9%	8.5%	5.0%
		% of Total	1.0%	4.0%	5.0%
	agree	Count	34	20	54
		% within Category of respondents	64.2%	42.6%	54.0%
		% of Total	34.0%	20.0%	54.0%
	Total	Count	53	47	100
		% within Category of respondents	100.0%	100.0%	100.0%
		% of Total	53.0%	47.0%	100.0%

Bribery involving a third party * Category of respondents Crosstabulation

			Category of respondents		
			Chinese	British	Total
Bribery involving a third party	disagree	Count	13	35	48
		% within Category of respondents	24.5%	74.5%	48.0%
		% of Total	13.0%	35.0%	48.0%
	neutral	Count	6	0	6
		% within Category of respondents	11.3%	.0%	6.0%
		% of Total	6.0%	.0%	6.0%
	agree	Count	34	12	46
		% within Category of respondents	64.2%	25.5%	46.0%
		% of Total	34.0%	12.0%	46.0%
	Total	Count	53	47	100
		% within Category of respondents	100.0%	100.0%	100.0%
		% of Total	53.0%	47.0%	100.0%

Group Statistics

	Category of respondents	N	Mean	Std. Deviation	Std. Error Mean
International bribery	Chinese	53	2.06	.989	.136
	British	47	1.43	.801	.117
Deceptive gaining of competitor information	Chinese	53	2.40	.906	.124
	British	47	2.09	.996	.145
Not exposing personal error	Chinese	53	1.02	.137	.019
	British	47	1.04	.204	.030
Nepotism	Chinese	53	1.94	.949	.130
	British	47	1.51	.777	.113
Whistle-blowing	Chinese	53	2.11	.954	.131
	British	47	1.45	.802	.117
Deceptive advertising/labelling	Chinese	53	1.79	.885	.122
	British	47	2.09	.929	.135
An environmental issue	Chinese	53	1.17	.545	.075
	British	47	1.23	.560	.082
The infringement of copyright	Chinese	53	1.62	.860	.118
	British	47	1.64	.919	.134
Protection of a dishonest employee	Chinese	53	2.30	.952	.131
	British	47	1.94	.965	.141
Bribery involving a third party	Chinese	53	2.40	.862	.118
	British	47	1.51	.882	.129

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
International bribery	Equal variances assumed	20.523	.000	3.479	98	.001	.631	.181	.271	.991
	Equal variances not assumed			3.523	97.236	.001	.631	.179	.276	.987
Deceptive gaining of competitor information	Equal variances assumed	7.010	.009	1.636	98	.105	.311	.190	-.066	.689
	Equal variances not assumed			1.626	93.650	.107	.311	.191	-.069	.691
Not exposing personal error	Equal variances assumed	1.922	.169	-.688	98	.493	-.024	.034	-.092	.045
	Equal variances not assumed			-.672	79.105	.503	-.024	.035	-.094	.046
Nepotism	Equal variances assumed	10.144	.002	2.476	98	.015	.433	.175	.086	.780
	Equal variances not assumed			2.506	97.402	.014	.433	.173	.090	.775
Whistle-blowing	Equal variances assumed	10.760	.001	3.754	98	.000	.666	.178	.314	1.019
	Equal variances not assumed			3.793	97.743	.000	.666	.176	.318	1.015
Deceptive advertising /labeling	Equal variances assumed	.518	.473	-1.613	98	.110	-.293	.181	-.653	.067
	Equal variances not assumed			-1.608	95.268	.111	-.293	.182	-.654	.069
An environmental issue	Equal variances assumed	.896	.346	-.580	98	.563	-.064	.111	-.284	.155
	Equal variances not assumed			-.579	95.909	.564	-.064	.111	-.284	.156
The infringement of copyright	Equal variances assumed	.895	.347	-.088	98	.930	-.016	.178	-.369	.337
	Equal variances not assumed			-.088	94.674	.930	-.016	.179	-.370	.339
Protection of a dishonest employee	Equal variances assumed	.129	.720	1.905	98	.060	.366	.192	-.015	.747
	Equal variances not assumed			1.903	96.266	.060	.366	.192	-.016	.747
Bribery involving a third party	Equal variances assumed	.032	.859	5.072	98	.000	.886	.175	.539	1.232
	Equal variances not assumed			5.065	96.030	.000	.886	.175	.539	1.233

Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
International bribery	100	1.76	.955	1	3
Deceptive gaining of competitor information	100	2.25	.957	1	3
Not exposing personal error	100	1.03	.171	1	2
Nepotism	100	1.74	.895	1	3
Whistle-blowing	100	1.80	.943	1	3
Deceptive advertising/labeling	100	1.93	.913	1	3
An environmental issue	100	1.20	.550	1	3
The infringement of copyright	100	1.63	.884	1	3
Protection of a dishonest employee	100	2.13	.971	1	3
Bribery involving a third party	100	1.98	.974	1	3
Category of respondents	100	1.47	.502	1	2

Mann-Whitney Test

Ranks

	Category of respondents	N	Mean Rank	Sum of Ranks
International bribery	Chinese	53	58.20	3084.50
	British	47	41.82	1965.50
	Total	100		
Deceptive gaining of competitor information	Chinese	53	54.22	2873.50
	British	47	46.31	2176.50
	Total	100		
Not exposing personal error	Chinese	53	49.94	2647.00
	British	47	51.13	2403.00
	Total	100		
Nepotism	Chinese	53	56.12	2974.50
	British	47	44.16	2075.50
	Total	100		
Whistle-blowing	Chinese	53	59.03	3128.50
	British	47	40.88	1921.50
	Total	100		
Deceptive advertising/labeling	Chinese	53	46.51	2465.00
	British	47	55.00	2585.00
	Total	100		
An environmental issue	Chinese	53	48.88	2590.50
	British	47	52.33	2459.50
	Total	100		
The infringement of copyright	Chinese	53	50.69	2686.50
	British	47	50.29	2363.50
	Total	100		
Protection of a dishonest employee	Chinese	53	55.11	2921.00
	British	47	45.30	2129.00
	Total	100		
Bribery involving a third party	Chinese	53	61.56	3262.50
	British	47	38.03	1787.50
	Total	100		

Test Statistics^a

	Internation al bribery	Deceptive gaining of competitor information	Not exposing personal error	Nepotism	Whistle- blowing	Deceptive advertising /labeling	An environmental issue	The infringement of copyright	Protection of a dishonest employee	Bribery involving a third party
Mann-Whitney U	837.500	1048.500	1216.000	947.500	793.500	1034.000	1159.500	1235.500	1001.000	659.500
Wilcoxon W	1965.500	2176.500	2647.000	2075.500	1921.500	2465.000	2590.500	2363.500	2129.000	1787.500
Z	-3.281	-1.596	-.690	-2.309	-3.541	-1.585	-1.017	-.082	-1.920	-4.548
Asymp. Sig. (2-tailed)	.001	.110	.491	.021	.000	.113	.309	.935	.055	.000
Exact Sig. (2-tailed)	.001	.117	.599	.021	.000	.121	.371	.897	.053	.000
Exact Sig. (1-tailed)	.001	.065	.455	.011	.000	.065	.202	.455	.027	.000
Point Probability	.000	.017	.354	.001	.000	.009	.021	.015	.004	.000

a. Grouping Variable: Category of respondents

Appendix 17

Results from business scenario 1 - questions

Category of respondents * Moral motivation (International bribery) * International bribery Crosstabulation

				Moral motivation (International bribery)						
				Universal principles/Unethical	Company policies, values and ethics/Law	Company's benefit: long-term strategy and good practice	Risks: legal impact, future payments, reliability of agent, exposed for bribery, reputation damage	Follow local standards and customs	Company's benefit: market and profit	Total
International bribery	disagree	Category of respondents	Chinese	Count	0	8	3	13		24
				% within Category of respondents	.0%	33.3%	12.5%	54.2%		100.0%
				% of Total	.0%	13.3%	5.0%	21.7%		40.0%
			British	Count	8	17	1	10		36
				% within Category of respondents	22.2%	47.2%	2.8%	27.8%		100.0%
				% of Total	13.3%	28.3%	1.7%	16.7%		60.0%
			Total	Count	8	25	4	23		60
				% within Category of respondents	13.3%	41.7%	6.7%	38.3%		100.0%
				% of Total	13.3%	41.7%	6.7%	38.3%		100.0%
	neutral	Category of respondents	Chinese	Count	0	1			1	2
				% within Category of respondents	.0%	50.0%			50.0%	100.0%
				% of Total	.0%	33.3%			33.3%	66.7%
			British	Count	1	0			0	1
				% within Category of respondents	100.0%	.0%			.0%	100.0%
				% of Total	33.3%	.0%			.0%	33.3%
			Total	Count	1	1			1	3
				% within Category of respondents	33.3%	33.3%			33.3%	100.0%
				% of Total	33.3%	33.3%			33.3%	100.0%
	agree	Category of respondents	Chinese	Count				7	20	27
				% within Category of respondents				25.9%	74.1%	100.0%
				% of Total				19.4%	55.6%	75.0%
			British	Count				4	5	9
				% within Category of respondents				44.4%	55.6%	100.0%
				% of Total				11.1%	13.9%	25.0%
			Total	Count				11	25	36
				% within Category of respondents				30.6%	69.4%	100.0%
				% of Total				30.6%	69.4%	100.0%

Category of respondents * Moral judgement (International bribery) * International bribery Crosstabulation

				Moral judgement (International bribery)						
				Universal principles / Unethical	Company policies, values and ethics / Law	Company's benefit: long-term strategy and good practice	Risks: legal impact, future payments, reliability of agent, exposure of bribery, reputation damage	Follow local standards and customs	Company's benefit: market and profit	Total
International bribery										
disagree	Category of respondents	Chinese	Count	0	10	3	11			24
			% within Category of respondents	.0%	41.7%	12.5%	45.8%			100.0%
			% of Total	.0%	16.9%	5.1%	18.6%			40.7%
		British	Count	5	12	5	13			35
			% within Category of respondents	14.3%	34.3%	14.3%	37.1%			100.0%
			% of Total	8.5%	20.3%	8.5%	22.0%			59.3%
		Total	Count	5	22	8	24			59
			% within Category of respondents	8.5%	37.3%	13.6%	40.7%			100.0%
			% of Total	8.5%	37.3%	13.6%	40.7%			100.0%
		Chinese	Count		1				1	2
			% within Category of respondents		50.0%				50.0%	100.0%
			% of Total		33.3%				33.3%	66.7%
neutral	Category of respondents	British	Count		1				0	1
			% within Category of respondents		100.0%				.0%	100.0%
			% of Total		33.3%				.0%	33.3%
		Total	Count		2				1	3
			% within Category of respondents		66.7%				33.3%	100.0%
			% of Total		66.7%				33.3%	100.0%
agree	Category of respondents	Chinese	Count					11	16	27
			% within Category of respondents					40.7%	59.3%	100.0%
			% of Total					30.6%	44.4%	75.0%
		British	Count					3	6	9
			% within Category of respondents					33.3%	66.7%	100.0%
			% of Total					8.3%	16.7%	25.0%
		Total	Count					14	22	36
			% within Category of respondents					38.9%	61.1%	100.0%
			% of Total					38.9%	61.1%	100.0%

Appendix 18

Results from business scenario 2 - questions

Category of respondents * Moral motivation (Deceptive gaining of competitor information) * Deceptive gaining of competitor information Crosstabulation												
				Moral motivation (Deceptive gaining of competitor information)								Total
				Unethical / Personal values and morals	Law / Company policies, values and ethics	Putting employee in dangerous position	Commercial value of the action	Risks: legal impact, being found out, reputation damage	Common practice for marketing research	Information made public / Fair game / Not breaking the law	Business survival with consideration of the risk	
Deceptive gaining of competitor information												
disagree	Category of respondents	Chinese	Count	0	8	0	4	3				15
			% within Category of respondents	.0%	53.3%	.0%	26.7%	20.0%				100.0%
			% of Total	.0%	22.2%	.0%	11.1%	8.3%				41.7%
		British	Count	9	4	2	1	5				21
			% within Category of respondents	42.9%	19.0%	9.5%	4.8%	23.8%				100.0%
			% of Total	25.0%	11.1%	5.6%	2.8%	13.9%				58.3%
		Total	Count	9	12	2	5	8				36
			% within Category of respondents	25.0%	33.3%	5.6%	13.9%	22.2%				100.0%
			% of Total	25.0%	33.3%	5.6%	13.9%	22.2%				100.0%
neutral	Category of respondents	Chinese	Count	0				1			1	2
			% within Category of respondents	.0%				50.0%			50.0%	100.0%
			% of Total	.0%				33.3%			33.3%	66.7%
		British	Count	1				0			0	1
			% within Category of respondents	100.0%				.0%			.0%	100.0%
			% of Total	33.3%				.0%			.0%	33.3%
		Total	Count	1				1			1	3
			% within Category of respondents	33.3%				33.3%			33.3%	100.0%
			% of Total	33.3%				33.3%			33.3%	100.0%
agree	Category of respondents	Chinese	Count						3	8	25	36
			% within Category of respondents						8.3%	22.2%	69.4%	100.0%
			% of Total						5.0%	13.3%	41.7%	60.0%
		British	Count						0	12	12	24
			% within Category of respondents						.0%	50.0%	50.0%	100.0%
			% of Total						.0%	20.0%	20.0%	40.0%
		Total	Count						3	20	37	60
			% within Category of respondents						5.0%	33.3%	61.7%	100.0%
			% of Total						5.0%	33.3%	61.7%	100.0%

Category of respondents * Moral judgement (Deceptive gaining of competitor information) * Deceptive gaining of competitor information Crosstabulation												
Deceptive gaining of competitor information				Moral judgement (Deceptive gaining of competitor information)								
				Unethical / Personal values and morals	Law / Company policy, value and ethics	Putting employee in dangerous position	Commercial value of the action	Risks: legal impact, being found out, reputation damage	Common practice for marketing research	Information made public / Fair game / Not breaking the law	Business survival with consideration of the risk	Total
disagree	Category of respondents	Chinese	Count	0	6	0	6	3				15
			% within Category of respondents	.0%	40.0%	.0%	40.0%	20.0%				100.0%
			% of Total	.0%	17.1%	.0%	17.1%	8.6%				42.9%
		British	Count	3	5	1	5	6				20
			% within Category of respondents	15.0%	25.0%	5.0%	25.0%	30.0%				100.0%
			% of Total	8.6%	14.3%	2.9%	14.3%	17.1%				57.1%
		Total	Count	3	11	1	11	9				35
			% within Category of respondents	8.6%	31.4%	2.9%	31.4%	25.7%				100.0%
			% of Total	8.6%	31.4%	2.9%	31.4%	25.7%				100.0%
neutral	Category of respondents	Chinese	Count					1	0		1	2
			% within Category of respondents					50.0%	.0%		50.0%	100.0%
			% of Total					33.3%	.0%		33.3%	66.7%
		British	Count					0	1		0	1
			% within Category of respondents					.0%	100.0%		.0%	100.0%
			% of Total					.0%	33.3%		.0%	33.3%
		Total	Count					1	1		1	3
			% within Category of respondents					33.3%	33.3%		33.3%	100.0%
			% of Total					33.3%	33.3%		33.3%	100.0%
agree	Category of respondents	Chinese	Count						2	14	20	36
			% within Category of respondents						5.6%	38.9%	55.6%	100.0%
			% of Total						3.4%	23.7%	33.9%	61.0%
		British	Count						1	14	8	23
			% within Category of respondents						4.3%	60.9%	34.8%	100.0%
			% of Total						1.7%	23.7%	13.6%	39.0%
		Total	Count						3	28	28	59
			% within Category of respondents						5.1%	47.5%	47.5%	100.0%
			% of Total						5.1%	47.5%	47.5%	100.0%

Appendix 19

Results from business scenario 3 - questions

Category of respondents * Exposure of personal error (Moral motivation) * Not exposing personal error Crosstabulation								
Not exposing personal error				Exposure of personal error (Moral motivation)				
				Honesty / Personal integrity and responsibility	Company culture, value and integrity	Reduce company losses	Impact on personal reputation when found out	Total
disagree	Category of respondents	Chinese	Count	6	4	32	10	52
			% within Category of respondents	11.5%	7.7%	61.5%	19.2%	100.0%
			% of Total	6.2%	4.1%	33.0%	10.3%	53.6%
		British	Count	17	5	16	7	45
			% within Category of respondents	37.8%	11.1%	35.6%	15.6%	100.0%
			% of Total	17.5%	5.2%	16.5%	7.2%	46.4%
		Total	Count	23	9	48	17	97
			% within Category of respondents	23.7%	9.3%	49.5%	17.5%	100.0%
			% of Total	23.7%	9.3%	49.5%	17.5%	100.0%
neutral	Category of respondents	Chinese	Count			0	1	1
			% within Category of respondents			.0%	100.0%	100.0%
			% of Total			.0%	33.3%	33.3%
		British	Count			1	1	2
			% within Category of respondents			50.0%	50.0%	100.0%
			% of Total			33.3%	33.3%	66.7%
		Total	Count			1	2	3
			% within Category of respondents			33.3%	66.7%	100.0%
			% of Total			33.3%	66.7%	100.0%

Category of respondents * Exposure of personal error (Moral judgement) * Not exposing personal error Crosstabulation

				Exposure of personal error (Moral judgement)				
Not exposing personal error				Honesty / Personal integrity and responsibility	Company value and integrity	Reduce company losses	Impact on personal reputation	Total
disagree	Category of respondents	Chinese	Count	5	3	28	16	52
			% within Category of respondents	9.6%	5.8%	53.8%	30.8%	100.0%
			% of Total	5.3%	3.2%	29.5%	16.8%	54.7%
		British	Count	14	3	17	9	43
			% within Category of respondents	32.6%	7.0%	39.5%	20.9%	100.0%
			% of Total	14.7%	3.2%	17.9%	9.5%	45.3%
		Total	Count	19	6	45	25	95
			% within Category of respondents	20.0%	6.3%	47.4%	26.3%	100.0%
			% of Total	20.0%	6.3%	47.4%	26.3%	100.0%
neutral	Category of respondents	Chinese	Count			1		1
			% within Category of respondents			100.0%		100.0%
			% of Total			50.0%		50.0%
		British	Count			1		1
			% within Category of respondents			100.0%		100.0%
			% of Total			50.0%		50.0%
		Total	Count			2		2
			% within Category of respondents			100.0%		100.0%
			% of Total			100.0%		100.0%

Appendix 20

Results from business scenario 4 - questions

Category of respondents * Moral motivation (Informal personal relationship) * Nepotism Crosstabulation

				Moral motivation (Informal personal relationship)					
				Equal opportunity, fairness and justice	Should choose the best person for company	Hard to handle personal relationships in business / Avoiding nepotism for preventing problems	Personal recommendation is equally valid if she met requirement	Friendship with HR manager	Total
Nepotism									
disagree	Category of respondents	Chinese	Count	3	12	10			25
			% within Category of respondents	12.0%	48.0%	40.0%			100.0%
			% of Total	5.4%	21.4%	17.9%			44.6%
		British	Count	12	13	6			31
			% within Category of respondents	38.7%	41.9%	19.4%			100.0%
			% of Total	21.4%	23.2%	10.7%			55.4%
		Total	Count	15	25	16			56
			% within Category of respondents	26.8%	44.6%	28.6%			100.0%
			% of Total	26.8%	44.6%	28.6%			100.0%
		Chinese	Count	0	0	2	3	1	6
			% within Category of respondents	.0%	.0%	33.3%	50.0%	16.7%	100.0%
			% of Total	.0%	.0%	14.3%	21.4%	7.1%	42.9%
neutral	Category of respondents	British	Count	2	3	1	2	0	8
			% within Category of respondents	25.0%	37.5%	12.5%	25.0%	.0%	100.0%
			% of Total	14.3%	21.4%	7.1%	14.3%	.0%	57.1%
		Total	Count	2	3	3	5	1	14
			% within Category of respondents	14.3%	21.4%	21.4%	35.7%	7.1%	100.0%
			% of Total	14.3%	21.4%	21.4%	35.7%	7.1%	100.0%
agree	Category of respondents	Chinese	Count				17	5	22
			% within Category of respondents				77.3%	22.7%	100.0%
			% of Total				56.7%	16.7%	73.3%
		British	Count				6	2	8
			% within Category of respondents				75.0%	25.0%	100.0%
			% of Total				20.0%	6.7%	26.7%
		Total	Count				23	7	30
			% within Category of respondents				76.7%	23.3%	100.0%
			% of Total				76.7%	23.3%	100.0%

Category of respondents * Moral judgement (Informal personal relationship) * Nepotism Crosstabulation

Nepotism				Moral judgement (Informal personal relationship)					
				Equal opportunity, fairness and justice	Should choose the best person for company	Hard to handle personal relationships / Avoiding nepotism for preventing problems	Personal recommendation is equally valid if she met requirement	Friendship with HR manager	Total
disagree	Category of respondents	Chinese	Count	6	11	8			25
			% within Category of respondents	24.0%	44.0%	32.0%			100.0%
			% of Total	11.1%	20.4%	14.8%			46.3%
		British	Count	16	9	4			29
			% within Category of respondents	55.2%	31.0%	13.8%			100.0%
			% of Total	29.6%	16.7%	7.4%			53.7%
		Total	Count	22	20	12			54
			% within Category of respondents	40.7%	37.0%	22.2%			100.0%
			% of Total	40.7%	37.0%	22.2%			100.0%
		Chinese	Count	0	2		2		4
			% within Category of respondents	.0%	50.0%		50.0%		100.0%
			% of Total	.0%	18.2%		18.2%		36.4%
neutral	Category of respondents	British	Count	1	1		5		7
			% within Category of respondents	14.3%	14.3%		71.4%		100.0%
			% of Total	9.1%	9.1%		45.5%		63.6%
		Total	Count	1	3		7		11
			% within Category of respondents	9.1%	27.3%		63.6%		100.0%
			% of Total	9.1%	27.3%		63.6%		100.0%
agree	Category of respondents	Chinese	Count				20	2	22
			% within Category of respondents				90.9%	9.1%	100.0%
			% of Total				66.7%	6.7%	73.3%
		British	Count				7	1	8
			% within Category of respondents				87.5%	12.5%	100.0%
			% of Total				23.3%	3.3%	26.7%
		Total	Count				27	3	30
			% within Category of respondents				90.0%	10.0%	100.0%
			% of Total				90.0%	10.0%	100.0%

Appendix 21

Results from business scenario 5 - questions

Category of respondents * Moral motivation (Whistle blowing) * Whistle-blowing Crosstabulation												
				Moral motivation (Whistle blowing)								
				Personal responsibility and value	Company culture and responsibility	Public safety / Minimise potential crisis	Illegal / Legal impact on company long-term success and reputation	Sense of guilt	Depends on the significance of the risk / Depends on how the accident was reported	Report again / Solve internally to avoid damage to company's benefit and reputation	Secure my job	Total
Whistle-blowing	disagree	Category of respondents	Chinese	Count	6	3	8	4	0			21
				% within Category of respondents	28.6%	14.3%	38.1%	19.0%	.0%			100.0%
				% of Total	10.7%	5.4%	14.3%	7.1%	.0%			37.5%
		British	Chinese	Count	5	1	24	4	1			35
				% within Category of respondents	14.3%	2.9%	68.6%	11.4%	2.9%			100.0%
				% of Total	8.9%	1.8%	42.9%	7.1%	1.8%			62.5%
		Total	Chinese	Count	11	4	32	8	1			56
				% within Category of respondents	19.6%	7.1%	57.1%	14.3%	1.8%			100.0%
				% of Total	19.6%	7.1%	57.1%	14.3%	1.8%			100.0%
	neutral	Category of respondents	Chinese	Count				0		2	3	5
				% within Category of respondents				.0%	40.0%	60.0%	.0%	100.0%
				% of Total				.0%	25.0%	37.5%	.0%	62.5%
		British	Chinese	Count				1		1	0	3
				% within Category of respondents				33.3%	33.3%	.0%	33.3%	100.0%
				% of Total				12.5%	12.5%	.0%	12.5%	37.5%
		Total	Chinese	Count				1		3	3	8
				% within Category of respondents				12.5%	37.5%	37.5%	12.5%	100.0%
				% of Total				12.5%	37.5%	37.5%	12.5%	100.0%
agree	Category of respondents	Chinese	Chinese	Count					2	20	5	27
				% within Category of respondents					7.4%	74.1%	18.5%	100.0%
				% of Total					5.6%	55.6%	13.9%	75.0%
		British	Chinese	Count					2	1	6	9
				% within Category of respondents					22.2%	11.1%	66.7%	100.0%
				% of Total					5.6%	2.8%	16.7%	25.0%
		Total	Chinese	Count					4	21	11	36
				% within Category of respondents					11.1%	58.3%	30.6%	100.0%
				% of Total					11.1%	58.3%	30.6%	100.0%

Category of respondents * Moral judgement (Whistle blowing) * Whistle-blowing Crosstabulation												
Whistle-blowing				Moral judgement (Whistle blowing)								
				Personal responsibility and values	Public safety / Minimise potential crisis	Legal impact	Company long-term success and reputation	Sense of guilt	Depends on the significance of the risk	Report again / Solving internally to avoid damage to company's reputation	Secure my job	Total
disagree	Category of respondents	Chinese	Count	9	6	1	3	2				21
			% within Category of respondents	42.9%	28.6%	4.8%	14.3%	9.5%				100.0%
			% of Total	16.7%	11.1%	1.9%	5.6%	3.7%				38.9%
		British	Count	3	21	4	3	2				33
			% within Category of respondents	9.1%	63.6%	12.1%	9.1%	6.1%				100.0%
			% of Total	5.6%	38.9%	7.4%	5.6%	3.7%				61.1%
		Total	Count	12	27	5	6	4				54
			% within Category of respondents	22.2%	50.0%	9.3%	11.1%	7.4%				100.0%
			% of Total	22.2%	50.0%	9.3%	11.1%	7.4%				100.0%
		Chinese	Count						1	4	0	5
			% within Category of respondents						20.0%	80.0%	.0%	100.0%
			% of Total						16.7%	66.7%	.0%	83.3%
neutral	Category of respondents	British	Count						0	0	1	1
			% within Category of respondents						.0%	.0%	100.0%	100.0%
			% of Total						.0%	.0%	16.7%	16.7%
		Total	Count						1	4	1	6
			% within Category of respondents						16.7%	66.7%	16.7%	100.0%
			% of Total						16.7%	66.7%	16.7%	100.0%
		Chinese	Count						1	22	4	27
			% within Category of respondents						3.7%	81.5%	14.8%	100.0%
			% of Total						3.0%	66.7%	12.1%	81.8%
		British	Count						2	1	3	6
			% within Category of respondents						33.3%	16.7%	50.0%	100.0%
			% of Total						6.1%	3.0%	9.1%	18.2%
agree	Category of respondents	Total	Count						3	23	7	33
			% within Category of respondents						9.1%	69.7%	21.2%	100.0%
			% of Total						9.1%	69.7%	21.2%	100.0%

Appendix 22

Results from business scenario 6 - questions

Category of respondents * Moral motivation (Deceptive advertising / labelling * Deceptive advertising/labelling Crosstabulation											
Deceptive advertising/labelling				Moral motivation (Deceptive advertising / labelling)							
				Professional ethics and standards	Misleading customers	Damage company reputation and long-term development when found out	Common practice in marketing / Marketing is allowed to have a bit of 'puffery'	Increasing sales and profit	Not lying / Not really misleading customers / No real fraud / No harm to others	Customers will not find out	Total
disagree	Category of respondents	Chinese	Count	3	8	16					27
			% within Category of respondents	11.1%	29.6%	59.3%					100.0%
			% of Total	6.7%	17.8%	35.6%					60.0%
		British	Count	3	8	7					18
			% within Category of respondents	16.7%	44.4%	38.9%					100.0%
			% of Total	6.7%	17.8%	15.6%					40.0%
		Total	Count	6	16	23					45
			% within Category of respondents	13.3%	35.6%	51.1%					100.0%
			% of Total	13.3%	35.6%	51.1%					100.0%
		Chinese	Count		1	1	0	5	2		9
			% within Category of respondents		11.1%	11.1%	.0%	55.6%	22.2%		100.0%
			% of Total		6.2%	6.2%	.0%	31.2%	12.5%		56.2%
neutral	Category of respondents	British	Count		1	1	1	0	4		7
			% within Category of respondents		14.3%	14.3%	14.3%	.0%	57.1%		100.0%
			% of Total		6.2%	6.2%	6.2%	.0%	25.0%		43.8%
		Total	Count		2	2	1	5	6		16
			% within Category of respondents		12.5%	12.5%	6.2%	31.2%	37.5%		100.0%
			% of Total		12.5%	12.5%	6.2%	31.2%	37.5%		100.0%
agree	Category of respondents	Chinese	Count				2	10	4	0	16
			% within Category of respondents				12.5%	62.5%	25.0%	.0%	100.0%
			% of Total				5.3%	26.3%	10.5%	.0%	42.1%
		British	Count				5	8	8	1	22
			% within Category of respondents				22.7%	36.4%	36.4%	4.5%	100.0%
			% of Total				13.2%	21.1%	21.1%	2.6%	57.9%
		Total	Count				7	18	12	1	38
			% within Category of respondents				18.4%	47.4%	31.6%	2.6%	100.0%
			% of Total				18.4%	47.4%	31.6%	2.6%	100.0%

Category of respondents * Moral judgement (Deceptive advertising / labelling * Deceptive advertising/labelling) Crosstabulation

Deceptive advertising/labelling				Moral judgement (Deceptive advertising / labelling)							
				Professional ethics and standards	Misleading customers	Damage company reputation and long-term development	Common practice in marketing	Increasing sales and profit	Not lying / No real fraud / No harm to others	Customer will not find out	Total
disagree	Category of respondents	Chinese	Count	5	2	20					27
			% within Category of respondents	18.5%	7.4%	74.1%					100.0%
			% of Total	11.6%	4.7%	46.5%					62.8%
		British	Count	3	6	7					16
			% within Category of respondents	18.8%	37.5%	43.8%					100.0%
			% of Total	7.0%	14.0%	16.3%					37.2%
		Total	Count	8	8	27					43
			% within Category of respondents	18.6%	18.6%	62.8%					100.0%
			% of Total	18.6%	18.6%	62.8%					100.0%
neutral	Category of respondents	Chinese	Count	1		0	1		4		6
			% within Category of respondents	16.7%		.0%	16.7%		66.7%		100.0%
			% of Total	10.0%		.0%	10.0%		40.0%		60.0%
		British	Count	1		1	0		2		4
			% within Category of respondents	25.0%		25.0%	.0%		50.0%		100.0%
			% of Total	10.0%		10.0%	.0%		20.0%		40.0%
		Total	Count	2		1	1		6		10
			% within Category of respondents	20.0%		10.0%	10.0%		60.0%		100.0%
			% of Total	20.0%		10.0%	10.0%		60.0%		100.0%
agree	Category of respondents	Chinese	Count				2	7	7	0	16
			% within Category of respondents				12.5%	43.8%	43.8%	.0%	100.0%
			% of Total				5.6%	19.4%	19.4%	.0%	44.4%
		British	Count				5	4	10	1	20
			% within Category of respondents				25.0%	20.0%	50.0%	5.0%	100.0%
			% of Total				13.9%	11.1%	27.8%	2.8%	55.6%
		Total	Count				7	11	17	1	36
			% within Category of respondents				19.4%	30.6%	47.2%	2.8%	100.0%
			% of Total				19.4%	30.6%	47.2%	2.8%	100.0%

Appendix 23

Results from business scenario 7 - questions

Category of respondents * Moral motivation (Environmental issue) * An environmental issue Crosstabulation											
An environmental issue				Moral motivation (Environmental issue)							
				Company standards regardless of local practice	Protect local environment and people	Protect the environment for company long-term sustainable development	Illegal to damage the environment	Risk of paying fine and more costs / Damage company's reputation	Meeting local country standards	Saving cost and making big profit / Business survival	Total
disagree	Category of respondents	Chinese	Count	9	25	9	2	3			48
			% within Category of respondents	18.8%	52.1%	18.8%	4.2%	6.2%			100.0%
			% of Total	10.3%	28.7%	10.3%	2.3%	3.4%			55.2%
		British	Count	10	9	9	7	4			39
			% within Category of respondents	25.6%	23.1%	23.1%	17.9%	10.3%			100.0%
			% of Total	11.5%	10.3%	10.3%	8.0%	4.6%			44.8%
		Total	Count	19	34	18	9	7			87
			% within Category of respondents	21.8%	39.1%	20.7%	10.3%	8.0%			100.0%
			% of Total	21.8%	39.1%	20.7%	10.3%	8.0%			100.0%
neutral	Category of respondents	Chinese	Count		1		0	0			1
			% within Category of respondents		100.0%		.0%	.0%			100.0%
			% of Total		16.7%		.0%	.0%			16.7%
		British	Count		2		2	1			5
			% within Category of respondents		40.0%		40.0%	20.0%			100.0%
			% of Total		33.3%		33.3%	16.7%			83.3%
		Total	Count		3		2	1			6
			% within Category of respondents		50.0%		33.3%	16.7%			100.0%
			% of Total		50.0%		33.3%	16.7%			100.0%
agree	Category of respondents	Chinese	Count						0	4	4
			% within Category of respondents						.0%	100.0%	100.0%
			% of Total						.0%	57.1%	57.1%
		British	Count						2	1	3
			% within Category of respondents						66.7%	33.3%	100.0%
			% of Total						28.6%	14.3%	42.9%
		Total	Count						2	5	7
			% within Category of respondents						28.6%	71.4%	100.0%
			% of Total						28.6%	71.4%	100.0%

Category of respondents * Moral judgement (Environmental issue) * An environmental issue Crosstabulation				Moral judgement (Environmental issue)						
An environmental issue				Company standards regardless of local practice	Protect local environment and people	Protect the environment for company long-term sustainable development	Illegal to damage the environment	Risk of paying big fine and more costs / Damage company's reputation	Following local standards to save costs	Total
disagree	Category of respondents	Chinese	Count	15	14	7	2	10		48
			% within Category of respondents	31.2%	29.2%	14.6%	4.2%	20.8%		100.0%
			% of Total	17.9%	16.7%	8.3%	2.4%	11.9%		57.1%
		British	Count	7	8	9	3	9		36
			% within Category of respondents	19.4%	22.2%	25.0%	8.3%	25.0%		100.0%
			% of Total	8.3%	9.5%	10.7%	3.6%	10.7%		42.9%
		Total	Count	22	22	16	5	19		84
			% within Category of respondents	26.2%	26.2%	19.0%	6.0%	22.6%		100.0%
			% of Total	26.2%	26.2%	19.0%	6.0%	22.6%		100.0%
		Chinese	Count	0	1					1
			% within Category of respondents	.0%	100.0%					100.0%
			% of Total	.0%	33.3%					33.3%
neutral	Category of respondents	British	Count	1	1					2
			% within Category of respondents	50.0%	50.0%					100.0%
			% of Total	33.3%	33.3%					66.7%
		Total	Count	1	2					3
			% within Category of respondents	33.3%	66.7%					100.0%
			% of Total	33.3%	66.7%					100.0%
agree	Category of respondents	Chinese	Count						4	4
			% within Category of respondents						100.0%	100.0%
			% of Total						57.1%	57.1%
		British	Count						3	3
			% within Category of respondents						100.0%	100.0%
			% of Total						42.9%	42.9%
		Total	Count						7	7
			% within Category of respondents						100.0%	100.0%
			% of Total						100.0%	100.0%

Appendix 24

Results from business scenario 8 - questions

Category of respondents * Moral motivation (Copy rights) * The infringement of copyright Crosstabulation

				Moral motivation (Copy rights)					
				Personal integrity and ethics	Illegal / Copyrights protection / Impact on the software industry	Risks: legal impact, personal and company reputation, prosecution	It is common practice / Software overpriced by companies	Help friend	Total
The infringement of copyright									
disagree	Category of respondents	Chinese	Count	2	25	6			33
			% within Category of respondents	6.1%	75.8%	18.2%			100.0%
			% of Total	3.1%	39.1%	9.4%			51.6%
		British	Count	1	19	11			31
			% within Category of respondents	3.2%	61.3%	35.5%			100.0%
			% of Total	1.6%	29.7%	17.2%			48.4%
		Total	Count	3	44	17			64
			% within Category of respondents	4.7%	68.8%	26.6%			100.0%
			% of Total	4.7%	68.8%	26.6%			100.0%
		neutral	Category of respondents	Chinese	Count		2	3	1
% within Category of respondents					28.6%	42.9%	14.3%	14.3%	100.0%
% of Total					22.2%	33.3%	11.1%	11.1%	77.8%
British	Count				1	1	0	0	2
	% within Category of respondents				50.0%	50.0%	.0%	.0%	100.0%
	% of Total				11.1%	11.1%	.0%	.0%	22.2%
Total	Count				3	4	1	1	9
	% within Category of respondents				33.3%	44.4%	11.1%	11.1%	100.0%
	% of Total				33.3%	44.4%	11.1%	11.1%	100.0%
agree	Category of respondents			Chinese	Count				7
		% within Category of respondents					53.8%	46.2%	100.0%
		% of Total					26.9%	23.1%	50.0%
		British	Count				4	9	13
			% within Category of respondents				30.8%	69.2%	100.0%
			% of Total				15.4%	34.6%	50.0%
		Total	Count				11	15	26
			% within Category of respondents				42.3%	57.7%	100.0%
			% of Total				42.3%	57.7%	100.0%

Category of respondents * Moral judgement (Copy rights) * The infringement of copyright Crosstabulation

				Moral judgement (Copy rights)					
				Personal integrity and ethics	Illegal / Copyrights protection / Impact on the industry	Risks: legal impact, personal and company reputation, prosecution	Common practice / Software overpriced	Help friend	Total
The infringement of copyright									
disagree	Category of respondents	Chinese	Count	1	18	14			33
			% within Category of respondents	3.0%	54.5%	42.4%			100.0%
			% of Total	1.6%	29.0%	22.6%			53.2%
	British		Count	0	11	18			29
			% within Category of respondents	.0%	37.9%	62.1%			100.0%
			% of Total	.0%	17.7%	29.0%			46.8%
	Total		Count	1	29	32			62
			% within Category of respondents	1.6%	46.8%	51.6%			100.0%
			% of Total	1.6%	46.8%	51.6%			100.0%
	neutral	Chinese	Count		3	2	2	0	7
			% within Category of respondents		42.9%	28.6%	28.6%	.0%	100.0%
			% of Total		33.3%	22.2%	22.2%	.0%	77.8%
	British		Count		0	1	0	1	2
			% within Category of respondents		.0%	50.0%	.0%	50.0%	100.0%
			% of Total		.0%	11.1%	.0%	11.1%	22.2%
	Total		Count		3	3	2	1	9
			% within Category of respondents		33.3%	33.3%	22.2%	11.1%	100.0%
			% of Total		33.3%	33.3%	22.2%	11.1%	100.0%
agree	Category of respondents	Chinese	Count				8	4	12
			% within Category of respondents				66.7%	33.3%	100.0%
			% of Total				32.0%	16.0%	48.0%
	British		Count				4	9	13
			% within Category of respondents				30.8%	69.2%	100.0%
			% of Total				16.0%	36.0%	52.0%
	Total		Count				12	13	25
			% within Category of respondents				48.0%	52.0%	100.0%
			% of Total				48.0%	52.0%	100.0%

Appendix 25

Results from business scenario 9 - questions

Category of respondents * Moral motivation (Protection of dishonest employee) * Protection of a dishonest employee Crosstabulation										
Protection of a dishonest employee				Moral motivation (Protection of dishonest employee)						
				Unethical behaviour	It is theft and has a legal impact / Company conduct and policy	Discipline him with pleading leniency	Negative impact on company's benefit	Talk to him, give warning and second chance	Depend on the value of the property and value of the employee	Total
disagree	Category of respondents	Chinese	Count	6	7	0	5			18
			% within Category of respondents	33.3%	38.9%	.0%	27.8%			100.0%
			% of Total	14.6%	17.1%	.0%	12.2%			43.9%
		British	Count	7	9	1	6			23
			% within Category of respondents	30.4%	39.1%	4.3%	26.1%			100.0%
			% of Total	17.1%	22.0%	2.4%	14.6%			56.1%
		Total	Count	13	16	1	11			41
			% within Category of respondents	31.7%	39.0%	2.4%	26.8%			100.0%
			% of Total	31.7%	39.0%	2.4%	26.8%			100.0%
		Chinese	Count		0	0	0		1	1
			% within Category of respondents		.0%	.0%	.0%		100.0%	100.0%
			% of Total		.0%	.0%	.0%		25.0%	25.0%
neutral	Category of respondents	British	Count		1	1	1		0	3
			% within Category of respondents		33.3%	33.3%	33.3%		.0%	100.0%
			% of Total		25.0%	25.0%	25.0%		.0%	75.0%
		Total	Count		1	1	1		1	4
			% within Category of respondents		25.0%	25.0%	25.0%		25.0%	100.0%
			% of Total		25.0%	25.0%	25.0%		25.0%	100.0%
agree	Category of respondents	Chinese	Count					18	16	34
			% within Category of respondents					52.9%	47.1%	100.0%
			% of Total					33.3%	29.6%	63.0%
		British	Count					7	13	20
			% within Category of respondents					35.0%	65.0%	100.0%
			% of Total					13.0%	24.1%	37.0%
		Total	Count					25	29	54
			% within Category of respondents					46.3%	53.7%	100.0%
			% of Total					46.3%	53.7%	100.0%

Category of respondents * Moral judgement (Protection of dishonest employee) * Protection of a dishonest employee Crosstabulation

Protection of a dishonest employee				Moral judgement (Protection of dishonest employee)						
				Unethical behaviour	It is theft and has a legal impact / Company conduct and policy	Discipline him with pleading leniency	Negative impact on company's benefit	Talk to him, give warning and second chance	Depend on the value of the property and value of the employee	Total
disagree	Category of respondents	Chinese	Count	4	6	1	7			18
			% within Category of respondents	22.2%	33.3%	5.6%	38.9%			100.0%
			% of Total	10.3%	15.4%	2.6%	17.9%			46.2%
		British	Count	5	8	1	7			21
			% within Category of respondents	23.8%	38.1%	4.8%	33.3%			100.0%
			% of Total	12.8%	20.5%	2.6%	17.9%			53.8%
		Total	Count	9	14	2	14			39
			% within Category of respondents	23.1%	35.9%	5.1%	35.9%			100.0%
			% of Total	23.1%	35.9%	5.1%	35.9%			100.0%
		Chinese	Count			0	0		1	1
			% within Category of respondents			.0%	.0%		100.0%	100.0%
			% of Total			.0%	.0%		20.0%	20.0%
		British	Count			1	2		1	4
			% within Category of respondents			25.0%	50.0%		25.0%	100.0%
			% of Total			20.0%	40.0%		20.0%	80.0%
		Total	Count			1	2		2	5
			% within Category of respondents			20.0%	40.0%		40.0%	100.0%
			% of Total			20.0%	40.0%		40.0%	100.0%
agree	Category of respondents	Chinese	Count					19	15	34
			% within Category of respondents					55.9%	44.1%	100.0%
			% of Total					35.8%	28.3%	64.2%
		British	Count					12	7	19
			% within Category of respondents					63.2%	36.8%	100.0%
			% of Total					22.6%	13.2%	35.8%
		Total	Count					31	22	53
			% within Category of respondents					58.5%	41.5%	100.0%
			% of Total					58.5%	41.5%	100.0%

Appendix 26

Results from business scenario 10 - questions

Category of respondents * Moral motivation (Bribery third party) * Bribery involving a third party Crosstabulation

				Moral motivation (Bribery third party)							
				Unethical	Legal impact / Company rules and policies	Company's long-term interests and benefit / Use better strategies to operate business	Avoiding potential risks: reputation, reliability of the agent	Local culture and practice	Business survival, success and financial gain	Depends on what kind of gift giving	Total
Bribery involving a third party											
disagree	Category of respondents	Chinese	Count	0	8	3	2				13
			% within Category of respondents	.0%	61.5%	23.1%	15.4%				100.0%
			% of Total	.0%	16.7%	6.2%	4.2%				27.1%
		British	Count	4	21	3	7				35
			% within Category of respondents	11.4%	60.0%	8.6%	20.0%				100.0%
			% of Total	8.3%	43.8%	6.2%	14.6%				72.9%
		Total	Count	4	29	6	9				48
			% within Category of respondents	8.3%	60.4%	12.5%	18.8%				100.0%
			% of Total	8.3%	60.4%	12.5%	18.8%				100.0%
neutral	Category of respondents	Chinese	Count		1	1			4		6
			% within Category of respondents		16.7%	16.7%			66.7%		100.0%
			% of Total		16.7%	16.7%			66.7%		100.0%
		Total	Count		1	1			4		6
			% within Category of respondents		16.7%	16.7%			66.7%		100.0%
			% of Total		16.7%	16.7%			66.7%		100.0%
agree	Category of respondents	Chinese	Count					12	21	1	34
			% within Category of respondents					35.3%	61.8%	2.9%	100.0%
			% of Total					26.1%	45.7%	2.2%	73.9%
		British	Count					3	7	2	12
			% within Category of respondents					25.0%	58.3%	16.7%	100.0%
			% of Total					6.5%	15.2%	4.3%	26.1%
		Total	Count					15	28	3	46
			% within Category of respondents					32.6%	60.9%	6.5%	100.0%
			% of Total					32.6%	60.9%	6.5%	100.0%

Category of respondents * Moral judgement (Bribery third party) * Bribery involving a third party Crosstabulation											
				Moral judgement (Bribery third party)							
					Legal impact / company rules and policies	Company's long-term interests and benefit / Use better strategies to operate business	Avoid potential risks: reputation, being sacked, reliability of the agent	Local culture and practice	Business survival, success and financial gain	Depends on what kind of gift giving	Total
Bribery involving a third party				Unethical							
disagree	Category of respondents	Chinese	Count	0	7	5	1				13
			% within Category of respondents	.0%	53.8%	38.5%	7.7%			100.0%	
			% of Total	.0%	16.3%	11.6%	2.3%			30.2%	
		British	Count	4	18	3	5				30
			% within Category of respondents	13.3%	60.0%	10.0%	16.7%			100.0%	
			% of Total	9.3%	41.9%	7.0%	11.6%			69.8%	
		Total	Count	4	25	8	6				43
			% within Category of respondents	9.3%	58.1%	18.6%	14.0%			100.0%	
			% of Total	9.3%	58.1%	18.6%	14.0%			100.0%	
neutral	Category of respondents	Chinese	Count		2				3		5
			% within Category of respondents		40.0%				60.0%		100.0%
			% of Total		40.0%				60.0%		100.0%
		Total	Count		2				3		5
			% within Category of respondents		40.0%				60.0%		100.0%
			% of Total		40.0%				60.0%		100.0%
agree	Category of respondents	Chinese	Count					14	18	1	33
			% within Category of respondents					42.4%	54.5%	3.0%	100.0%
			% of Total					31.1%	40.0%	2.2%	73.3%
		British	Count					4	6	2	12
			% within Category of respondents					33.3%	50.0%	16.7%	100.0%
			% of Total					8.9%	13.3%	4.4%	26.7%
		Total	Count					18	24	3	45
			% within Category of respondents					40.0%	53.3%	6.7%	100.0%
			% of Total					40.0%	53.3%	6.7%	100.0%

Appendix 27

Content analysis for open-ended questions

International bribery	Moral motivation	Key words mentioned in respondents' replies
Disagreed	1. Universal principles / Unethical	Global business ethics, universal principles, personal integrity, ethics, unethical, unacceptable
	2. Company policies, values and ethics / Law / Law and company policies	Corporate values and ethics, illegal, company policy, corporate social responsibility
	3. Company's benefit: long-term strategy and good practice	business sustainability, long-term interest and benefit, long-term profitability
	4. Risks: legal impact, future payments, reliability of agent, exposed for bribery and reputation damage	Avoid future bribery and underhand payments, reliability and credibility of business agents, exposed for bribery, reputation damage
Agreed	5. Follow local standards and customs	Local standards, market custom, situation, environment, common practice, normal procedure; legal in local market
	6. Company's benefit: market and profit	Market, profitability, affordable, survival, security, relationship, growth

International bribery	Moral judgement	Key words mentioned in respondents' replies
Disagree	1. Universal principles / Unethical	Global business ethics, universal principles, unethical, maintain personal values and morals, ethics, unacceptable
	2. Company policies, values and ethics / Law	Company policies, company values and ethics, illegal
	3. Company's benefit: long-term strategy and good practice	Business sustainability, company long-term interest and benefit, long-term profitability
	4. Risks: legal impact, future payments, reliability of agent, exposure of bribery, reputation damage	Avoiding future bribery, exposure to bribery, company's reputation, reduce harm to the company, reliability and credibility of the business agent
Agreed	5. Follow local standards and customs	Local market custom, situation, environment, common practice, normal practice, legal in local market
	6. Company's benefit: market and profit	Market, profit, survival, growth, security, being realistic

Deceptive gaining of competitor information	Moral motivation	Key words mentioned in respondents' replies
Disagreed	1. Unethical / Personal values and morals	Unethical, ethics, uncomfortable to do it, this method is wrong, personal values, integrity and standards
	2. Law / Company policies, values and business ethics	Law, illegal, company value, integrity and standards, business ethics
	3. Putting employee in dangerous position	Employee is in danger
	4. Commercial value of the action	Concern company's benefit, whether the action would achieve the desired purpose, not creating commercial value, it will be public information anyway
	5. Risks: legal impact, being found out, reputation damage	Risk of being find out, damage company reputation and image, long-term interests, sending agent or client to gather information
Agreed	6. Common practice for marketing research	Common practice for marketing research, market intelligence is critical issue
	7. Information made public / Not breaking the law / Fair game	The information made public, it is not confidential
	8. Business survival with consideration of the risk	Knowing your competitor, commercial reality, business survival, keep company in the 'game'.

Deceptive gaining of competitor information	Moral judgement	Key words mentioned in respondents' replies
Disagreed	1. Unethical / Personal values and morals	Lack of integrity, it's wrong, stealing
	2. Law / Company values and ethics	Illegal, company policy, competitive law, the golden rule
	3. Putting employee in dangerous position	Should not ask employee to lie about their identity
	4. Commercial value of the action	Not creating commercial value, the information will be public anyway
	5. Risks: legal impact, being found out, reputation damage	Damage reputation, risk of being found out, risk prosecution, sending agent or client to gather information
Agreed	6. Common practice for marketing research	
	7. Information made public / Not breaking the law / Fair game	Legal, information made public, it's competitor's fault, action might be unethical but legal
	8. Business survival with consideration of the risk	It's business, it's a game, know your enemy, commercial reality, safe guard jobs, gaining competitive advantage, business survival

Not exposing personal error	Moral motivation	Key words mentioned in respondents' replies
Disagreed	1. Honesty / Personal integrity and responsibility	Honest, wrong, unacceptable, personal accountability, integrity, responsibility, admit mistake
	2. Company culture, value and integrity	Company culture, values professional ethics,
	3. Reduce company losses	Company's benefit is more important than individual's
	4. Impact on personal reputation when found out	Will be found out, impact on personal reputation and integrity

Not exposing personal error	Moral judgement	Key words mentioned in respondents' replies
Disagreed	1. Honest / Personal integrity and responsibility	Honest, unacceptable, personal integrity, responsibility, my own mistake, moral uncomfortableness
	2. Company value and integrity	Professional ethics
	3. Reduce company losses	Responsibility to the company, reduce losses, company's benefit is more important than individual's, remain competitive
	4. Impact on personal reputation	Will be found out, damage personal reputation, future employment

Nepotism	Moral motivation	Key words mentioned in respondents' replies
Disagreed	1. Equal opportunity, fairness and justice	Equal opportunities, unacceptable, transparency, fairness and justice, merit, professional ethics and values
	2. Should choose the best person for company	Company policy, quality of candidate, choose the best person for the job, ignore nepotism, capability rather than connection, best for business
	3. Hard to handle personal relationships in business / Avoiding nepotism for preventing problems	Would create problems in the future, not good for company development and management, work efficiency
Agreed	4. Personal recommendation equally valid if she met requirement / She met requirement	She met requirement, personal recommendation is in priority if she is good, not illegal, not breaking company policy
	5. Friendship with HR manager	Being open minded about it, work efficiency and relationship management

Nepotism	Moral judgement	Key words mentioned in respondents' replies
Disagreed	1. Equal opportunity, fairness and justice	Must be judged on merit, create a fair working environment, equal opportunities, justice, not right
	2. Should choose the best person for company	Choose the best person for the job, ignore relationships, business interest first
	3. Hard to handle personal relationships / Avoid nepotism for preventing problems	Would create problems in the future, lead to tensions in the organisation
Agreed	4. Personal recommendation equally valid if she met requirement	Recommendations are valid, often gives more insight into the character of the person and more trustworthy, nothing wrong with family/contacts if she is good
	5. Friendship with HR manager	Keep in HR "good books" for future job moves

Whistle-blowing	Moral motivation	Key words mentioned in respondents' replies
Disagreed	1. Personal responsibility and value	Personal ethics, responsibility, obligation
	2. Company culture and responsibility	Company's culture, business ethics
	3. Public safety / Minimise potential crisis	Safety of customers is more important than my job
	4. Illegal / Legal impact on company long-term success and reputation	Breaking the law affects on long-term business success and reputation
	5. Sense of guilt	How bad would I feel if someone was injured or killed
Agreed	6. Depends on significance of the risk / Depends on how the accident was reported	Depend on the circumstances, significance of the risk
	7. Report again / Solve internally to avoid damage to company's benefit and reputation	Report internally not to damage company reputation, report external cannot solve problem, company sales and reputation will be affected, ability to convince the management
	8. Securing my job	financial and job security, risk of being sacked, I have done my job, senior management have made the decision

Whistle-blowing	Moral judgement	Key words mentioned in respondents' replies
Disagreed	1. Personal responsibility and values	Personal integrity and obligation to others, value crash between individual and company, personal ethics
	2. Public safety / Minimise potential crisis	Safety of others, consequence of covering the truth
	3. Legal impact	Potential criminal conviction
	4. Company long-term success and reputation	
	5. Sense of guilt	massive sense of guilt if someone is injured or killed
Agreed	6. Depends on the significance of the risk	Assume it is not life threatening, might not be important, wait for market reaction
	7. Report again / Solving internally to avoid damage to company's reputation	Report again to make sure the message is clear, should be dealt internally,
	8. Secure my job	Need to maintain my income, risk of being sacked, personal financial loss, I have done my job, obey the decision, not my responsibility to make decision

Deceptive advertising / labelling	Moral motivation	Key words mentioned in respondents' replies
Disagreed	1. Professional ethics and standards	Professional ethics and standards, principles, personal and company integrity, honesty, openness
	2. Misleading customer	Misleading customer, it's lying
	3. Damage company reputation and long-term development when found out	Cheating customer damage company reputation, sales, credibility with customers and sustainable development, there is fine line between marketing strategy and misrepresentation, no commercial results
Agreed	4. Common practice in marketing / Marketing is allowed a bit of 'puffery'	Marketing is allowed to have a bit of "puffery", marketing message is too often full of half-truths. The reality is most new products are not new, globally all company over hype their products and consumer probably understand this
	5. Increase sales and profit	Increasing sales, marketing is always of subjective character, salesman's bluff, profit, gain market share, business survival
	6. Not lying / Not really misleading customer / No real fraud / No harm to others	There are changes in the product, not good but harmless, no real fraud which would hurt customers
	7. Customers will not find out	Go for it if customers would not find out

Deceptive advertising / labelling	Moral judgement	Key words mentioned in respondents' replies
Disagreed	1. Professional ethics and standards	Professional ethics, social morality, company integrity, honesty
	2. Misleading customer	Misleading customer, dishonest
	3. Damage company reputation and long-term development	Sustainable development, company reputation, impact on sales and integrity, might be found out, no commercial results
Agreed	4. Common practice	This is common and accepted in most industries and to do so is only mirroring market practice, marketing gimmick, everyone is doing it
	5. Increase sales	Increase sales, competitive advantage, profitability, shareholders' return
	6. Not lying / No real fraud / No harm to others	Cause very little harm, there is essential truth, it is really hard to get a new thing
	7. Customer will not find out	If customer doesn't notice it, then it is their own fault

An environmental issue	Moral motivation	Key words mentioned in respondents' replies
Disagreed	1. Company standards regardless of local practice	Company standards, corporate ethics, social ethics and responsibility, fairness
	2. Protect local environment and people	Harm to others, safety of local environment and people
	3. Protect the environment for company long-term sustainable development	Company long-term interests, image and reputation
	4. Illegal to damage the environment	
	5. Risk of paying fine and more costs / Damage company's reputation	Must not break the law, risk of paying a fine, damage company reputation
Agreed	6. Meeting local country standards	Legal locally, what do the environment regulations say?
	7. Saving cost and making big profit / Business survival	Saving costs and make a big profit

An environmental issue	Moral judgement	Key words mentioned in respondents' replies
Disagreed	1. Company standards regardless of local practice	Unethical regardless of local practice, it's wrong, fairness, personal values
	2. Protect local environment and people	Environment
	3. Protect the environment for company long-term sustainable development	Environment, company reputation, long-term competitive advantage by being environmentally responsible
	4. Illegal to damage the environment	
	5. Damage company's reputation / Risk of paying fine and more costs	Avoid potential risk to company, serious impact on company when discovered, can cause scandal, potential reputation risk, avoid going to prison
Agreed	6. Follow local standards to save costs	Legal locally, save costs and make big profit, if the regulations do not prohibit such activity then it is the company's responsibility to make new regulation of its own

The infringement of copyright	Moral motivation	Key words mentioned in respondents' replies
Disagreed	1. Personal integrity and ethics	Personal integrity and ethics
	2. Legal infringement on intellectual property rights / Impact on the industry	Illegal, theft, impact on the industry and market
	3. Risks: legal impact, personal and company reputation, prosecution	Risk involved, impact on personal and company's reputation, not worth it, will buy him one
Agreed	4. It is common practice / Software overpriced by companies	It's only a basic programme, software is too expensive, no harm to the company
	5. Help friend	Friendship

The infringement of copyright	Moral judgement	Key words mentioned in respondents 'replies
Disagreed	1. Personal integrity and ethics	Unethical
	2. Legal infringement on intellectual property rights / Impact on the industry	Illegal, copyright protection, impact on the industry
	3. Risks: legal impact, personal and company reputation, prosecution	Impact on personal and company reputation, use other legal solution, not worth it, will buy him one
Agreed	4. Common practice / software overpriced	It's only a basic programme, software company's responsibility, it's too expensive, little consequence
	5. Help friend	Friend helps friend is different from business, if it's business then it's wrong, grey area, a return favour if I need it, only help him if he is not lending to other people or if he will buy one soon

Protection of a dishonest employee	Moral motivation	Key words mentioned in respondents' answer
Disagreed	1. Unethical behaviour	Unethical behaviour
	2. It is theft and has a legal impact / Company conduct and policy	Theft is breaking the law, misconduct, company conduct and policy, breach company trust
	3. Discipline him but plead for leniency	Plead for leniency depending on value of property stolen, to retain the skills and experience without compromising disciplinary action
	4. Negative impact on company's benefit if keeping him	Impact on company interests and benefit, encourage others, will cause disruption and reputation damage
Agreed	5. Talk to him, give warning and second chance	Reporting him is not good idea, give warning and second chance, use other way to correct him, e.g. educating him
	6. Depends on value of the property and value of the employee	Depends on the value of the property and value of staff, he is valuable staff – good for company's benefit, depends on how many times he has done it, why he did it and whether he would return the stolen goods

Protection of a dishonest employee	Moral judgement	Key words mentioned in respondents' answer
Disagreed	1. Unethical behaviour	Unethical behaviour, theft is immoral
	2. It is theft and has a legal impact / Company conduct and policy	Theft is illegal, company policy and personal view on theft
	3. Discipline him but plead for leniency	Plead for leniency depending on value of property stolen, to retain the skills and experience without compromising disciplinary action
	4. Negative impact on company's benefit and other employees	Company long-term interest and benefit, avoid business disruption and reputation damage, impact on other employees
Agreed	5. Should give warning and second chance	Use other way to correct him, talk to him again
	6. Value of the property is smaller than the employee's value to the company	The value of the property is small and this employee is valuable to the company, depends on how many times he has done it, why he did it and whether he would return the stolen goods

Bribery involving a third party	Moral motivation	Key words mentioned in respondents' answer
Disagreed	1. Unethical	Unethical
	2. Legal impact / Company rules and policies	Legal impact, company rules and policies, only offer hospitality type of gifts
	3. Company's long-term interests and benefit / Use better strategies to operate business	Company's long-term interests and benefit, use better strategy: go to other market or use quality products
	4. Avoid potential risks: reputation, being sacked, reliability of the agent	Reputation damage, being sacked, potential harm to the company, difficult to recover and operate in the future
Agreed	5. Follow local culture and practice	Local culture and practice, not illegal
	6. Business survival, success and financial gain	Business survival, success and financial gain, business performance, be realistic, you will ultimately be judged on your results
	7. Depends on what kind of gift giving	Depend on what kind of gift giving, dinner, lunch, some gifts are acceptable

Bribery involving a third party	Moral judgement	Key words mentioned in respondents' answer
Disagreed	1. Unethical	Unethical
	2. Legal impact / Company rules and policies	Legal impact, company rules and policies should be followed, only offer hospitality type of gifts
	3. Company's long-term interests and benefit / Use better strategies to operate business	Company's long-term interests and benefit, use alternative strategy
	4. Avoid potential risks: reputation, being sacked, reliability of the agent	Reputation damage, personal job security, avoid being fired
Agreed	5. Follow local culture and practice	Local culture and practice, adapt to the local market, "when in Rome, do as the Romans do".
	6. Business survival, success and financial gain	Business survival, success and financial gain, business performance, be realistic
	7. Depends on what kind of gift giving	Depends on what kind of gift giving, to convert the local practice to a more legal/systematic way, argue for a change in company policies for local market